EFFECT OF MICROFINANCE PRODUCTS ON WOMEN ECONOMIC EMPOWERMENT IN KENYA: CASE OF WOMEN GROUPS REGISTERED WITH KENYA CLIMATE INNOVATION CENTER (KCIC), KILIFI COUNTY

BY

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DECLARATION

Student Declaration

I the undersigned do declare that this is my original work and has not been submitted to any other institution other than Moi University for academic credit.

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Supervisors Declaration

This project has been presented for examination with our approval as the appointed supervisor.

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DEDICATION

This project work is dedicated to my entire family for their continued support all through my studies by offering an enabling environment and general support towards the success of my study.

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ABSTRACT

Women's economic empowerment globally remains a complex issue with persistent gender disparities in labor force participation, entrepreneurship, and leadership roles. However, microfinance has played a crucial role in bridging this gap by providing women, especially in low-income settings, access to essential financial services. A significant challenge in women's economic empowerment is the limited access to capital and financial resources that women often face, particularly in marginalized and low-income communities. However, microfinance has emerged as a solution to address this issue by offering tailored financial services to women who lack access to formal banking systems. This study aimed at assessing the effect of Microfinance products on economic empowerment of women groups in Kilifi County, Kenya. The specific objectives were to determine the effect of micro lending, micro saving, micro insurance and micro capital products on economic empowerment of women. This study was anchored on Resource-based view theory, Access to Capital Theory and Uniting Theory of Microfinance. This study adopted explanatory research design. The target population was 3320 women groups registered by Kenya Climate Innovation Centre (KCIC) in Kilifi County. Simple random sampling techniques and the Krejcie and Morgan t-table was used to sample three hundred and forty-one (341) was derived and primary data was collected by use of a closed ended questionnaire. The collected data was analyzed descriptive methods; deriving mean, standard deviations and also correlation and regression analysis was conducted. The hypothesis testing revealed that micro lending, micro saving and micro capital products have a significant positive effect on the economic empowerment of women groups in Kilifi County, Kenya, (P-value=0.017<0.05), (P-value=0.000<0.05) and (P-value=0.016<0.05) as their null hypotheses were rejected. On the other hand, micro insurance products do not have a significant effect, (P-value=0.202>0.05) as their null hypotheses were accepted. This study recommended those women groups should embrace and utilize micro finance products (micro lending, micro saving and micro capital products) to improve their economic status and their socio-well-being. Similarly, this study recommended that MFIs should increase their outreach by educating women about the various microfinance products available to help women to make informed decisions about which products best meet their needs. This study recommends for a comparative study be undertaken between two or more other empowerment groups, like youth, PWDs, social welfare groups among others.

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ABBREVIATION/ACRONYMS

ALARM	**-**	Africa Leadership and Reconciliation Ministries
EU	**-**	European Union
IFC	**-**	International Finance Corporation
KIRA	**-**	Kenya Inter Agency Rapid Assessment
KREP	**-**	Kenya Rural Enterprise Programme
KCDF	-	Kenya Community Development Foundation
MFIs	**-**	Microfinance Institutions
NACOSTI	**-**	National Council for science and Technology
SDGs	**-**	Sustainable Development Goals
SMEs	**-**	Small and Medium Enterprises
PSLW	**-**	Promoting Sustainable Livelihood for Women
UN	**-**	United Nations
USAID	**-**	United States Agency for International Development
VIF	**-**	Variance Inflation Factor
WEIKE	**-**	Women Empowerment in Kenya

DEFINITION OF TERMS

Empowerment: This is the process of granting individuals the knowledge, skills, and confidence to take control of their lives and choices.

Economic empowerment: This is the capacity for individuals to participate in, contribute to, and benefit from economic activities, fostering self-sufficiency and growth.

Microfinance products: They are financial services tailored for low-income individuals, offering small-scale loans, savings accounts, and insurance to empower entrepreneurship, alleviate poverty, and promote financial inclusion in underserved communities.

Micro lending products: These are financial services designed for small-scale borrowers, providing modest loans with manageable terms to support entrepreneurship, income generation, and poverty alleviation in underserved communities.

Micro saving products: These are financial services tailored for low-income individuals, offering small and accessible savings accounts with minimal requirements, fostering financial inclusion and promoting a culture of saving.

Micro insurance products: These are tailored financial services for low-income individuals, providing affordable coverage against specific risks, promoting financial resilience, and protecting vulnerable communities from unexpected events and losses.

Micro capital products: Provide small-scale entrepreneurs access to modest funds for business initiation or expansion, fostering economic development and self-sufficiency.

CHAPTER ONE

INTRODUCTION

This chapter gives an overview of the study. It highlights the background of the study, research problem, and objectives of the study, research questions, significance and the scope of the study.

1.1 Background of the Study

Micro and small enterprises provide an enormous potential to support economic activities of the poor and disadvantaged groups in the society, thus contribute to poverty alleviation (Byamuhaya and Fondo 2014). The fifth aim of the Sustainable Development Goals (SDG5), as outlined in Griggs *et al.,* (2015), is to achieve Gender Equality and the Empowerment of Women by 2030. The inclusion of women in economic empowerment, as the fifth SDG, is underpinned by two key principles. Firstly, it emphasizes the crucial role of social justice in enhancing overall human well-being, which is inherently valuable and deserving of pursuit. Secondly, it recognizes that empowering women is a pathway to attaining the other SDGs and promoting socio-economic prosperity within society (Adero and Kariuki 2020).

Empowerment of women groups is an important part of gender equality and women's rights. Women's empowerment is a process of helping women gain control over their lives, their resources, and their environment (Kumari & Gupta, 2018). This includes enabling them to participate in decisions and activities that affect their lives, such as economic and political decisions, and to gain access to resources and services. Women's empowerment initiatives can take various forms, from increasing access to education to providing access to economic resources, engaging in business and providing access to legal rights (Beard & Mwaura, 2018). Empowerment of women is an important contribution to tackling gender inequality, poverty, and social injustice. It promotes the participation of women in decision-making processes, enhances their access to resources, and increases their economic opportunities.

Women's empowerment initiatives also help to build confidence and self-esteem, enabling women to take control of their own lives and be active participants in society (Kumari & Gupta, 2018). According to Schuster and Allen (2016), economic empowerment of women groups is an important strategy to reduce gender inequality and to promote economic development. They explain that economic empowerment of women can increase their access to education, employment, and economic opportunities, and improve their economic security and well-being. Additionally, they suggest that economic empowerment of women can also lead to improved health, social, and political outcomes. Furthermore, economic empowerment of women can also help to reduce poverty and promote economic growth in developing countries (Sridevi, 2015).

Economic empowerment of women in the United States has been a long-standing issue. According to the U.S. Department of Labor, ‘When women are economically empowered, their families, communities, and countries benefit’ (U.S. Department of Labor, 2021). This includes increased income, better health care, and improved educational opportunities, as well as more equitable access to resources and labor markets. The economic empowerment of women in the U.S. has been a focus of both federal and state policies, as well as initiatives undertaken by non-profit organizations and advocacy groups. These efforts have included increasing the minimum wage and passing laws to ensure pay equity and workplace protections for women (Small Business Administration, 2020).

The Chinese government has made strides in recent years to combat gender discrimination, including the implementation of the National Program for Women's Development (2005-2010). This program seeks to improve the economic and social status of women, with an emphasis on providing access to education, health care, job training, and economic opportunities (Wang, 2015). Additionally, the Chinese government has made efforts to reduce the gender wage gap, and has implemented policies that promote equal pay for equal work. Despite these efforts, however, economic inequalities remain a challenge in China. Women continue to face discrimination in the labor force, and the gender wage gap persists (Lam & Zuo, 2014). Furthermore, women are still underrepresented in leadership positions in both the public and private sectors.

Improving women's economic empowerment can be achieved by increasing their access to formal financial systems (Demirguc-Kunt, Klapper & Singer, 2015). Economic empowerment of women through Micro Finance Institutions (MFIs) is an approach to economic development that aims to strengthen the economic security of women by providing them with access to financial services and resources (Duflo, Banerjee, & Qian, 2015). Such MFIs are designed to give women access to small loans and other financial services that can help them to build businesses, save money, and improve their financial security (Kabeer *et al.,* 2020). Additionally, MFIs provide access to resources such as business and financial literacy training, mentorship, and networking opportunities that can help women to increase their economic power (Duflo *et al*., 2015). Studies have found that MFIs can have a positive impact on women's economic security, including increased levels of ownership and access to resources (Kabeer *et al*., 2020). Thus, MFIs can help to reduce gender gaps in economic participation, access to resources, and income.

In pursuit of this goal, microfinance stands out as one of the world's most extensive global development initiatives, primarily directed towards impoverished individuals, particularly women (Van Rooyen, Stewart & De Wet, 2015). According to George (2016), microfinance is described as the delivery of financial services to low-income households and micro and small enterprises, offering significant potential to bolster the economic endeavors of impoverished individuals and consequently contribute to reducing poverty. Additionally, microfinance, as highlighted by Adero and Kariuki (2020), extends financial services like microloans, small-scale savings, and microinsurance to marginalized or low-income communities. These financial services encompass savings options, credit access, payment mechanisms, remittance services, and insurance coverage.

Globally, economies thrive when all members of the society are given equal opportunity to do business. In 2010, the European Union (EU) introduced its inaugural Action Plan concerning Gender Equality and the Empowerment of Women in Development (2010-2015). This plan sought to enhance the EU's prominent role in advancing gender equality and women's empowerment within development initiatives. It also aimed to secure sufficient human and financial resources for these endeavors. The plan's primary objectives were to safeguard the physical and mental well-being of girls and women, foster the social and economic empowerment of females of all ages, and bolster the involvement and influence of women in the development agenda, as stated by the European Commission in 2010. Based on the findings in the 2020 report by the International Finance Corporation (IFC), startups led by women or those with at least one female founder receive a significantly smaller share of the worldwide venture capital investments. In emerging markets, only 11% of funding is directed towards companies having a female presence on their founding team, and the percentages decrease even further when it comes to later-stage funding (IFC, 2020).

In Pakistan, the United States Agency for International Development (USAID) has helped over 1.2 million Pakistan women obtain the necessary legibility documentation to allow them access credit facilities, obtain bank accounts and increase political participation among other opportunities (USAID 2019). Such initiatives have helped break biases and barriers and enable women to participate fully and freely in the economy. In Africa, women are disproportionately laden with the responsibility for unpaid care and domestic work. However, most countries have recently formulated legislative frameworks and policies that are geared to gender equity and women empowerment. According to World Bank report (*2019*) sub-Saharan Africa have had the most reforms promoting gender equality and women economic empowerment programmes. The report reaffirmed that six out of the top 10 countries making significant reforms are the Democratic Republic of the Congo, Guinea, Malawi, Mauritius, São Tomé and Príncipe, and Zambia (World Bank 2019).

It is widely recognized that the economic empowerment of women plays a pivotal role in realizing the African Union's Agenda 2063, a comprehensive continental plan for socioeconomic progress. In Kenya, the government has implemented measures and policies, such as the allocation of 30% of government tenders to women, aimed at providing increased opportunities for women in a highly competitive environment, as outlined by Adero and Kariuki in 2020. Furthermore, private sector organizations have also established empowerment programs for women, ensuring their substantial contributions to the country's economy, either directly or indirectly (Byamuhaya & Fondo 2014).

Similarly, MFIs in Kenya play a major role by giving them credit support and advising them on best borrowing practices (Waweru 2010). According to Pomeranz (2016) over 80% of the clientele in the Microfinance Industry consists of women. Over the last two decades, several Microfinance Institutions (MFIs) have focused their efforts on women, aiming to bridge the gender gap and enhance women's economic empowerment. World Bank (2019), affirmed that in Kenya, microfinance institutions have become increasingly important in providing financial services to women in rural and peri-urban areas, helping them to access credit, savings, and insurance products. These institutions have had a positive impact on the economic well-being of women in the country, helping to reduce poverty and inequality.

For instance, the World Bank (2019) found that MFIs in Kenya have been able to increase access to financial services for women, with over 40% of microcredit borrowers being women. This has helped to reduce gender disparities in access to financial services, and has enabled women to enter into income-generating activities, such as farming, trading, and other businesses. In addition, MFIs have played an important role in empowering women by providing them with business skills and knowledge in Kenya. According to Omutete (2017), MFIs offer various capacity building initiatives such as training, mentoring, and business development services to women entrepreneurs. These initiatives have helped to impart women with the skills and abilities they need to start and grow their businesses, and ultimately to increase their income.

Microfinance has emerged as a powerful tool in promoting economic empowerment, particularly among women-owned businesses in developing economies. According to (Akotey & Adjasi, 2016), micro lending products provide women entrepreneurs with access to capital for various business activities, such as startup capital, working capital, and expansion. The loans are typically small and come with flexible repayment terms, making them more accessible to women with limited financial resources. On the same note, micro-saving products are designed to encourage women to save and manage their finances efficiently. Omutete (2017) emphasizes that these products help women entrepreneurs build financial resilience and stability.

More importantly, micro-insurance products are crucial in mitigating financial risks for women entrepreneurs. According to Pomeranz (2016), these products protect women-owned businesses from unforeseen events such as natural disasters, illness, or accidents. When women entrepreneurs have access to micro-insurance, they can continue their business operations even in challenging circumstances, leading to sustained economic empowerment. Also, micro-capital products provide women entrepreneurs with access to equity financing or venture capital. Research by Adero and Kariuki (2020) highlighted that women who receive micro-capital support experience significant business growth and increased economic empowerment.

Importantly, microfinance institutions provide loan services tailored to the requirements of low-income borrowers, featuring adaptable repayment terms and conditions. The interest rates applied to these loans are comparatively lower than those of commercial banks. This contributes to the development and enlargement of businesses owned by individuals with limited income, as the borrowed funds are directed towards sustaining the operations of these enterprises (Akotey & Adjasi, 2016). As per the findings of the Kenya Inter Agency Rapid Assessment (KIRA) in 2014, Kilifi County exhibits a poverty rate (adult equivalent poverty head count) of 70.8%, surpassing the national rate of 45.9%. It constitutes 2.9% of the national population and is ranked 8th out of 47 counties. In terms of gender distribution, 48.3% of the population is male, while 51.7% is female. Given that Kilifi County has a higher poverty rate than the national average and a higher proportion of women than men, it becomes an intriguing area for research. Therefore, the objective of this study is to evaluate the influence of Microfinance products on the economic empowerment of women's groups in Kilifi County, Kenya.

1.2 Statement of the Problem

The microfinance sector, often linked to women's empowerment, serves over 80% of clients with daily incomes below $1.25, primarily women (Jan & Larry 2012). In Kilifi County, women face challenges rooted in socio-economic and cultural issues, hindering access to education, healthcare, and economic opportunities. Traditional gender roles, early marriages, and gender-based violence persist, limiting women's participation and economic independence. Infrastructure deficiencies exacerbate these challenges, restricting access to markets and information, while skewed land ownership rights further impede economic autonomy (KCDF 2021).

Despite challenges, microfinance institutions (MFIs) in Kenya, as indicated by the International Labour Organization (ILO, 2018), positively impact women's economic empowerment. Kilifi County has government and NGO-led initiatives promoting women's empowerment, including gender-inclusive governance and economic projects. The Women Empowerment in Kenya (WEIKE) nonprofit empowers women in Kilifi through education and initial capital, fostering skills in animal husbandry, leadership, and management. The project, launched in 2019, has impacted 256 people within 32 households, with expectations of continued growth and community impact (KCDF 2021).

However, despite these initiatives, many women still struggle to make ends meet. Many women businesses struggle to survive, with the success rate is 30%. Consequently, in the absence of formal financial assistance, women must depend on informal avenues to save money, expand their enterprises, maintain stable consumption during income fluctuations, or safeguard themselves against unexpected crises. These approaches can be expensive, fraught with uncertainty, and pose risks. Moreover, they provide limited alternatives for those constrained to rely on them.

Numerous research studies have found that microfinance offerings have played a substantial role in enhancing the financial well-being of impoverished individuals, while also bolstering the security, independence, self-assurance, and social standing of women within their households (UN report, 2010; Dupas and Robinson (2009); Copestake *et al.*, (2015); Kamau (2012); Karuga (2013); Ondoro and Omena (2012); Adero and Kariuki (2020) among others. In more precise terms, research has indicated that offering credit has been recognized as a valuable means to enhance the incomes of marginalized communities by channeling resources towards more productive endeavors.

Despite such support, poverty still persists among these groups. Hence, there is a necessity to examine how microfinance products influence the economic empowerment of women's groups. This area remains understudied, with no research conducted on women entrepreneurs in Kenya. Consequently, this study aims to explore the impact of microfinance products on the economic empowerment of women in Kilifi County, Kenya.

1.3 Objectives of the Study

1.3.1 Main Objective

The main objective of this study was to assess the impact of Microfinance products on economic empowerment of women groups in Kilifi County, Kenya.

1.3.2 Specific Objectives

This study was guided by the following objectives:

i. To establish the impact of Micro lending products on economic empowerment of women groups in Kilifi County, Kenya
ii. To determine the impact of Micro saving products on economic empowerment of women groups in Kilifi County, Kenya
iii. To examine the impact of Micro insurance products on economic empowerment of women groups in Kilifi County, Kenya
iv. To determine the impact of Micro capital products on economic empowerment of women groups in Kilifi County, Kenya.

1.4 Hypothesis

The following null hypothesis guided this study:

H_{01}: Micro lending products has no significant impact on economic empowerment of women groups in Kilifi County, Kenya

H_{02}: Micro saving products has no significant impact on economic empowerment of women groups in Kilifi County, Kenya.

H_{03}: Micro insurance products have no significant impact on economic empowerment of women groups in Kilifi County, Kenya.

H_{04}: Micro capital products have no significant impact on economic empowerment of women groups in Kilifi County, Kenya.

1.5 Significance of the Study

This study focused on the assessing the impact of microfinance products on the economic empowerment of women groups in Kilifi County, Kenya. The findings of this study hold significant value for various stakeholders as discussed below:

First is the National and County Governments, this study's findings can provide insights into the effectiveness of microfinance interventions in promoting women's economic empowerment at the grassroots level. This information can guide government policies and programs aimed at supporting women's entrepreneurship and financial inclusion, contributing to broader economic development and poverty reduction goals.

Secondly is the Microfinance Institutions (MFIs), the findings will offer MFIs valuable insights into the actual impact of their products on the lives of women in Kilifi County. Understanding the outcomes and challenges faced by women's groups can inform the design of more targeted and effective microfinance offerings, leading to better alignment with the needs and aspirations of the women they serve.

Thirdly, policymakers can use the study's findings to develop evidence-based policies that promote gender equality and women's economic empowerment. The study could shed light on policy gaps and potential areas for improvement, enabling the formulation of strategies that encourage women's participation in economic activities and enhance their access to financial resources.

Fourth, the study directly benefits women's groups by providing a comprehensive assessment of how microfinance products impact their economic empowerment. The findings can guide these groups in making informed decisions about their participation in microfinance programs, helping them maximize the benefits of such interventions and providing a platform for their voices to be heard.

Lastly is the Academicians/Scholars, the study contributes to the body of academic knowledge by generating empirical evidence on the impact of microfinance on women's economic empowerment in a specific context. Scholarly research of this nature adds to the understanding of the dynamics between financial inclusion, gender empowerment, and poverty reduction, potentially influencing further research and policy discourse in related fields.

1.6 Scope of the Study

The focus of the study was to assess the impact of Microfinance products on economic empowerment of women groups in Kilifi County, Kenya. Specifically, the study looked at micro lending products, micro saving products, micro insurance products and micro capital products influence the economic empowerment of registered women groups. The target was 3320 women groups registered by Kenya Climate Innovation Centre (KCIC) in Kilifi County. A sample size of three hundred and forty-one (341) was derived and primary data was collected by use of a closed ended questionnaire. The study was carried out between months of January 2023 and April 2023.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides literature review on effects of MFI products and economic empowerment of women. Specifically, it focuses on the following areas; concepts of economic empowerment, MFI products and services, empirical review on effects of MFI products on economic empowerment of women, Theoretical framework, conceptual framework and summary of the literature review.

2.2 Concepts of Economic Empowerment of Women Groups

The economic empowerment of women's groups entails the enhancement of financial self-sufficiency, the ability to make decisions, and the accessibility to economic assets for women within collective entities, which may include community-based organizations or self-help groups (Kabeer, 2015). This concept encompasses various dimensions, including increased control over income, improved participation in economic activities, access to credit and financial services, entrepreneurship development, and the ability to make informed financial decisions. Economic empowerment empowers women to break free from traditional gender roles and societal constraints, fostering their active engagement in economic pursuits and contributing to broader development objectives (Duflo, 2012).

Microfinance, as a key approach within economic empowerment strategies, plays a pivotal role in facilitating this process by providing women groups with access to financial services tailored to their needs. Microfinance interventions offer small loans, savings mechanisms, and financial literacy training to women, enabling them to initiate income-generating activities, invest in businesses, and accumulate assets. This approach not only contributes to poverty reduction but also enhances women's self-esteem, decision-making power, and overall agency within their households and communities (Duflo, 2012).

As individuals gain a greater sense of choice, a concurrent increase in their ability to control their lives unfolds. According to Ismail *et al.*, (2011), economic empowerment is a progression through which individuals gain the capacity to self-organize, bolster their self-reliance, engage in business investments, and accumulate income and financial resources for their well-being. Consequently, economic empowerment for women asserts their inherent right to make choices and manage resources, enabling them to challenge and overcome their own subjugation, ultimately enhancing equity and the quality of their lives (Robinson 2011). Women's empowerment aims to counteract oppression and marginalization and is regarded as a means of augmenting their interpersonal or political influence and economic capabilities, enabling them to take action to improve their life circumstances (Cheston and Khun 2012).

Kabeer (2005) outlined that the economic empowerment of women involves three interconnected dimensions, encompassing choice, resources, agency, and achievements. Resources encompass material assets (such as land, equipment, and working capital), human assets (comprising knowledge, skills, creativity, and competencies), and social assets (including claims, obligations, and expectations within relationships). These resources are allocated through various institutional frameworks, such as family norms, patron-client connections, and public sector welfare. Therefore, it is essential to recognize the conditions under which individuals access resources when assessing the presence of empowerment

.

In the same vein, agency refers to an individual woman's capacity to set objectives and take action based on them. It encompasses not just visible actions but also encompasses the significance, motivation, and intent behind those actions. Actions are not limited to personal decision-making alone; instead, there are numerous approaches through which individuals engage, including negotiation, manipulation, subversion, resistance, and protest, in addition to bargaining. Consequently, agency can manifest at both the individual and collective levels, as discussed by Kabeer in 2005. The third dimension, achievements, results from the interplay of these two preceding dimensions as part of progress.

When utilizing accomplishments as a gauge for economic empowerment, it introduces further challenges in assessing the extent to which these choices genuinely enhance the overall well-being of the entire family, or if they predominantly reflect female submissiveness. The connection between authority and choices is delicate, as decisions originating from an individual can be significantly affected by a culture that prioritizes paternal control or direct influence from a husband, as emphasized by Kabeer in 2005. Therefore, the exercise of power is not solely rooted in the resources themselves but rather in the purpose behind the utilization of those resources.

2.3 Microfinance Finance Products for Women Groups

Microfinance offerings primarily encompass small loans, savings gathering, and education in micro-enterprise investments that are provided to impoverished individuals, empowering them to embark on self-employment ventures aimed at generating income and achieving self-sufficiency (Ondoro and Omena, 2012). The inception of microfinance stemmed from the recognition that micro-entrepreneurs and disadvantaged individuals have the potential to be financially reliable, capable of repaying both the principal amount and interest promptly, as well as saving, as long as financial services are customized to align with their specific requirements (Von, 2011).

Micro finance is perceived as the provision of financial and non-financial services by micro finance institutions (MFIs) to low income groups without tangible collateral but whose activities are linked to income generating ventures (Christen and Rosenberg, 2010). These financial products and services include savings, credit, payment facilities, remittances and insurance. The non-financial services mainly entail training in micro enterprise investment and business skills. There is also a belief that micro finance encompasses micro credit, micro savings and micro insurance (Ondoro and Omena 2012).

Many women find microfinance services indispensable for augmenting the income they have at their disposal and accumulating assets. In rural settings, the mobilization and management of savings among members play a pivotal role as an initial stage before they can access external loan funds for their entrepreneurial endeavors (Allen, 2015). This process is often facilitated through mechanisms like merry-go-rounds and table banking, which not only strengthen group unity but also boost members' confidence in borrowing and exchanging insights regarding various microfinance offerings (Khan 2017).

The availability of microfinance options has the capacity to aid impoverished individuals in generating income through small-scale businesses, stabilizing their income acquisition and spending patterns, and enabling households to broaden their sources of income (Anand, 2015). Consequently, microfinance institutions (MFIs) play a significant role in mitigating poverty, as they contribute to increased income generation and asset accumulation opportunities, reducing households' dependence on a single type of asset and enhancing their resilience in dealing with unexpected hardships (Mosley, 2011).

Hoff and Stiglitz (1993) demonstrate that if certain borrowers can fulfill all their borrowing requirements from the official financial sector at lower interest rates, there will be reduced demand for informal credit. However, in a competitive market with open entry and one money lender acting as an imperfect alternative to another, a subsidy in the formal credit market might lead to an increase in interest rates within the informal sector. This happens because the introduction of new lenders in response to the subsidy drives up the additional costs associated with lending in the informal sector. Consequently, when microfinance institutions (MFIs) cater to borrowers' loan needs by offering greater flexibility in terms of loan disbursement and repayment schedules, it enables borrowers to engage in more productive investments (Mallick, 2011).

Certain microfinance institutions (MFIs) exclusively extend loans to women, driven by the belief that women face socio-economic disadvantages. It is possible that women are chosen for these loans due to their tendency to be less migratory or being perceived as more family-oriented and responsible when compared to their male counterparts (Karuga, 2013).

Microfinance institutions encompass both official and unofficial establishments that offer microfinance services, which encompass microloans, small-scale savings, money transfers, payment processing, remittances, insurance, and pension options to businesses and households that have historically been excluded from the conventional financial system (Christen, 2007). Despite the significant increase in women's access to financial services, their capacity to fully exploit this access is frequently constrained by the gender-related advantages or disadvantages they encounter.

Microfinance institutions (MFIs) are allocating a diminishing proportion of their loans to women, despite their expansion and the introduction of new lending options. In addition, some MFIs have observed that, on average, women receive smaller loan amounts compared to men, even when they belong to the same credit program, reside in the same community, and are part of the same lending group. This trend highlights a more pervasive form of societal bias against women, which hinders the opportunities available to them.

2.3.1 Micro Lending Products

Micro Lending Products are financial services offered by microfinance institutions that provide small, short-term loans to individuals and micro-entrepreneurs, typically without requiring extensive collateral or a strong credit history (Ledgerwood, 2013). These loans are tailored to the specific needs of low-income clients and aim to facilitate income-generating activities, enhance entrepreneurship, and promote financial inclusion (Ledgerwood, 2013). Micro Lending Products provide women entrepreneurs with access to capital for various business activities, such as startup capital, working capital, and expansion. The loans are typically small and come with flexible repayment terms, making them more accessible to women with limited financial resources.

2.3.2 Micro Saving Products

Micro Saving Products refer to specialized financial instruments designed to encourage individuals with limited financial resources, especially those in underserved communities, to save small amounts of money regularly (Ledgerwood, 2013). These products are often characterized by low transaction costs, minimal opening balance requirements, and accessibility to remote or rural areas. Micro-saving products are designed to encourage women to save and manage their finances efficiently. These products help women entrepreneurs build financial resilience and stability. Women who use micro-saving products are more likely to invest in income-generating activities, as they have a secure place to save their earnings. This, in turn, contributes to the economic empowerment of women-owned businesses.

2.3.3 Micro Insurance Products

Micro Insurance Products are insurance policies created to meet the unique needs of low-income individuals and micro-entrepreneurs, offering protection against specific risks they face (Ledgerwood, 2013). These products are designed to be affordable, flexible, and accessible, providing coverage for events such as illness, crop failure, accidents, and natural disasters. When women entrepreneurs have access to micro-insurance, they can continue their business operations even in challenging circumstances, leading to sustained economic empowerment.

2.3.4 Micro Capital Products

Micro Capital Products encompass various financial services, including equity investments, venture capital, and grants, aimed at supporting microenterprises and small businesses in underserved communities (Ledgerwood, 2013). Unlike traditional loans, micro capital products often provide funding without immediate repayment, enabling micro-entrepreneurs to access the capital needed to start or grow their businesses. Women who receive micro-capital support experience significant business growth and increased economic empowerment.

2.4 Theoretical Review

Microfinance is acknowledged as a potent instrument for alleviating poverty by offering financial services and products like small loans, savings options, micro leasing, micro insurance, and money transfer services to support both rural and urban impoverished individuals in establishing their own businesses. This study reviewed three theories: Resource-based view theory, Access to Capital Theory and Uniting Theory of Microfinance as elaborated below.

2.4.1 Resource-Based View Theory

The Resource-Based View (RBV) theory by Barney (1991) is a strategic management framework that focuses on how a firm's unique and valuable resources contribute to its competitive advantage and performance. The RBV theory suggests that a firm's success is not solely determined by its external environment but rather by its internal resources, capabilities, and competencies. The theory posits that firms can achieve sustained competitive advantage by acquiring, developing, and leveraging resources that are rare, valuable, inimitable, and non-substitutable (Barney, 1991). Barney (1991) outlined the foundational concepts of the RBV theory and introduced the VRIN criteria (Valuable, Rare, Inimitable, Non-substitutable) as a framework for evaluating a firm's resources' potential to generate competitive advantage.

The importance of the Resource-Based View theory to the study on Microfinance Institutions (MFIs) products and economic empowerment of women groups lies in its ability to provide a lens for understanding how MFIs' resources and capabilities contribute to the empowerment of women. MFIs' products, such as microloans and financial literacy training, can be seen as resources that are valuable and rare within the context of empowering marginalized women groups. These resources are potentially inimitable and non-substitutable, especially when tailored to the specific needs and contexts of women, thus enabling the economic empowerment of women through increased access to finance and entrepreneurship opportunities.

Empirical studies that have confirmed the empirical establishment of the Resource-Based View theory include work by Wernerfelt (1984), Peteraf (1993), and Amit and Schoemaker (1993). These studies have provided evidence that firm-specific resources and capabilities, rather than industry or market conditions alone, are critical drivers of sustained competitive advantage.

While there have been no major modifications to the core concepts of the Resource-Based View theory, scholars have expanded on its application in various ways. For instance, the Dynamic Capabilities perspective extends the RBV by emphasizing a firm's ability to adapt and reconfigure its resources in response to changing environments. Additionally, the theory's limitations, such as the difficulty of isolating and measuring firm-specific resources, have led to discussions about its practicality and applicability in certain contexts. In the study on MFIs products and economic empowerment of women groups, the Resource-Based View theory provides a theoretical framework to examine how the unique resources of MFIs, such as their microfinance products and expertise, contribute to the economic empowerment of women. By evaluating the rarity, value, inimitability, and non-substitutability of these resources within the context of women's economic empowerment, the study can uncover the mechanisms through which MFIs' interventions lead to positive outcomes for women's livelihoods and economic agency.

2.4.2 Access to Capital Theory

The Access to Capital Theory by Stiglitz (1990), focuses on the role of access to financial capital in promoting economic development, particularly in the context of entrepreneurship and small business growth. While this theory doesn't have a single originator like some other economic theories, it draws upon the works of various scholars in the field of economics and finance who have emphasized the importance of access to capital for businesses and individuals.

One influential scholar who has contributed to the understanding of access to capital is Stiglitz (1990), who highlighted the significance of financial markets and institutions in facilitating economic growth by providing access to capital for entrepreneurs and small businesses. Similarly, Rajan and Zingales (1998) discussed the importance of financial development in enhancing economic performance and fostering entrepreneurship. The Access to Capital Theory posits that when individuals and businesses have easier access to financial resources through well-functioning financial systems and institutions, they are more likely to invest in productive activities, which, in turn, can contribute to economic development.

The importance of the Access to Capital Theory to the study on Microfinance Institutions (MFIs) products and economic empowerment of women groups lies in its ability to elucidate how MFIs' financial services, such as microloans and savings products, directly address the lack of access to capital faced by marginalized women. These services can act as tools for breaking down financial barriers and creating pathways for women to engage in income-generating activities, invest in businesses, and accumulate assets. The theory underscores the pivotal role of MFIs in providing an avenue for women to overcome capital constraints, ultimately leading to enhanced economic empowerment.

Empirical studies that have confirmed the empirical establishment of the Access to Capital Theory include research by Beck, Demirgüç-Kunt, and Peria (2007) and Klapper, Laeven, and Rajan (2006). These studies have demonstrated how increased access to financial services, such as loans and credit, positively impacts entrepreneurship, business growth, and poverty reduction, aligning with the predictions of the theory.

While there may not be significant modifications to the core concepts of the Access to Capital Theory, scholars have expanded its application by considering factors such as information asymmetry, collateral requirements, and cultural influences that may affect access to capital. Additionally, the rise of digital financial services and mobile banking has led to discussions about how technology can influence and enhance access to capital.

In the study on MFIs products and economic empowerment of women groups, the Access to Capital Theory provides a framework to analyze how the financial services offered by MFIs bridge the gap in access to capital for marginalized women. By assessing how these services contribute to women's ability to start businesses, invest, and participate in economic activities, the study can demonstrate the direct link between improved access to capital and the economic empowerment of women.

2.4.3 The Uniting Theory of Microfinance

The Uniting Theory of Microfinance (UTM) by Hulme & Mosley (1996) is a framework that aims to reconcile the diverse approaches and theories within the field of microfinance, providing a comprehensive understanding of its multifaceted nature. This is an evolving concept that has been shaped by contributions from various scholars and practitioners in the field of microfinance. The UTM recognizes the coexistence of two primary paradigms in microfinance: the financial systems paradigm and the poverty reduction paradigm. The financial systems paradigm views microfinance institutions (MFIs) as financial intermediaries primarily concerned with sustainability and profitability. In contrast, the poverty reduction paradigm emphasizes the social mission of MFIs, striving to alleviate poverty and improve the well-being of clients.

The UTM proposes that both paradigms can coexist within a single microfinance institution, acknowledging that financial sustainability and social impact are not mutually exclusive goals. It argues that MFIs can balance financial viability with poverty alleviation by offering a range of financial services while considering the diverse needs of their clients. The theory assessed the primary mechanisms put forth by different theories to explain how joint liability could enhance repayment rates and the well-being of borrowers with limited access to credit. Their findings revealed a common thread among all these theories, highlighting that joint liability can mitigate the primary challenges faced by lenders by leveraging the local knowledge and social connections present among borrowers under explicit joint liability. In such a framework, when one borrower is unable to repay a loan, group members are contractually obligated to step in and repay on their behalf.

Enforcing these repayments can be achieved by employing a shared penalty system, notably by suspending future credit access for all members of the defaulting group or by tapping into group savings funds that serve as collateral. Additionally, the concept of joint liability can be implied, meaning that borrowers believe that if a fellow group member defaults, the entire group may become ineligible for future loans, even if this consequence is not explicitly outlined in the lending agreement. The overarching idea behind these mechanisms is to eliminate defaults, ensuring a consistent flow of funds that can be accessed by small businesses for their continued expansion and development.

2.5 Empirical Review on MFI Products on Economic Empowerment of Women Groups

Numerous microcredit initiatives have specifically focused on empowering one of the most marginalized segments of society – women, who are often considered as a subgroup within households with limited or no assets. These programs aim to create opportunities for self-employment. Sen (1987) affirms two ways in which women's income-generating activities can impact both their own and their family's circumstances. The first potential outcome involves enhancing the overall authority within the household, while the second entails an increase in the woman's share of decision-making power within the family. Earnings can provide women with a clearer sense of their individuality and well-being, as well as a heightened perception of their contribution to the family's economic standing.

Dupas and Robinson (2019) confirmed that micro-entrepreneurs who had access to a savings account, a type of commitment savings product, experienced increased business investments, reduced sensitivity to financial shocks, and higher per capita spending. However, it's important to note that the findings present a mixture of results due to variations in methodologies and data sources. A summarized overview is provided below, focusing on several key contributions. As mentioned earlier, we will explore a wide array of impacts related to poverty, women's empowerment, susceptibility to health-related shocks, short and long-term well-being effects, interest rates set by local moneylenders, microfinance commercialization, trade-offs between sustainability and outreach, and credit subsidies.

Li (2011) assesses the influence of microcredit on welfare indicators, such as income and consumption, in rural China. This is particularly significant due to the scarcity of studies examining the potential of microcredit in alleviating poverty in China. In a related vein, Islam and Maitra (2012) conduct a comprehensive examination of the role of microcredit in Bangladesh in serving as a form of insurance. They base their analysis on a four-round panel dataset and assume that health-related setbacks are unpredictable and unique in nature. By employing various models, they present insightful findings, revealing that households that have borrowed from microcredit institutions are better equipped to manage unforeseen health shocks. The primary means of insurance employed is livestock trading, which households with access to microcredit rely on to a lesser extent compared to those without access to microcredit when safeguarding their consumption against health-related setbacks.

Shane (2013) attributes this situation to a combination of factors including the absence of savings, inadequate training, limited access to credit, and insufficient education. Savings play a pivotal role in microfinance, as once women entrepreneurs acquire the knowledge of saving even small amounts, it often becomes an ingrained practice. Microfinance institutions (MFIs) also stress the importance of regular weekly savings contributions. Microfinance has also been successful in fostering women's entrepreneurial spirit by encouraging the formation of self-help groups. These groups pool their savings, which members can subsequently access as loans. Cumming (2012) noted that frequent meetings held by trainers from microfinance institutions have had positive effects on building capital. Rural women encounter a significant challenge in assessing the profitability of their businesses and understanding proper business management due to a lack of basic accounting, business management, and technical skills. Consequently, training is vital in equipping them with these essential skills.

Biswas (2018) asserts that through aiding women in meeting their practical requirements and enhancing their effectiveness in their traditional roles, microfinance may facilitate women in earning respect and accomplishing more within their socially defined positions. This, in turn, can result in increased self-esteem and self-assurance, which can significantly contribute to a woman's capacity and willingness to confront the social injustices and discriminatory systems they encounter. This implies that as women improve their financial standing, their self-confidence and influence within the household grow, indirectly promoting their empowerment. Microfinance institutions, by placing financial resources in the hands of women, play a role in creating a more equitable environment and advancing gender equality. The accomplishments of individual women can have a profound impact on how women are perceived and treated in their communities.

Christabell and Raj (2012) conducted a study examining how microfinance contributes to the financial inclusion of impoverished women in rural India. The research relied on secondary data sources from various financial institutions, including the World Bank, Reserve Bank of India, and the Consultative Group to Assist the Poor (CGAP), among others, to assess the progress of linking Self Help Groups with banks. The findings of the report highlighted a positive impact of microfinance on advancing rural India's access to banking services. The report concluded that finance acts as a catalyst, facilitating the progress of development. It emphasized that one of the most significant challenges in achieving comprehensive financial inclusion is extending financial services to rural clientele. The report recommended the expansion of financial services to the underprivileged through the adoption of new technologies and simplified branch regulations.

As stated by Sonja (2013), there is a strong call for state parties to vigorously and promptly pursue a policy aimed at eradicating discrimination against women. This is particularly urgent since more than 65% of women still find themselves in poverty, bearing the scars inflicted upon them by patriarchal systems that have restricted their access to credit facilities. This is the reason why there is a notable emphasis on empowering women rather than men, as it is intended to bridge the gender disparity. In line with Robinson's (2004) argument regarding the microfinance revolution, sustainable financial services for those in developing nations, women account for approximately 83% of the reported microfinance clientele. In his research, he observed that women not only prove to be reliable clients by repaying loans on schedule but also play a crucial role in propelling development.

Johnson (2017) discussed in his research how microfinance institutions tackle the issue of collateral. They employ various methods, including group lending with shared responsibility, the use of dynamic incentives such as progressively increasing loan amounts, offering more favorable terms compared to other credit sources, and taking action against borrowers in cases of default.

Swain *et al*., (2017) conducted a study to assess whether microfinance genuinely empowers women. The findings indicated a general increase in women's empowerment among program members over time. However, it's important to note that this doesn't necessarily mean that every woman who joined the program experienced the same level of empowerment or progressed at the same rate. Some women might have been more empowered than others even before participating in the program. On average, though, program members experienced an increase in empowerment during the study period.

Mutua and Oyugi (2007) conducted a study on the alleviation of poverty in Kenya by improving rural access to financial services. The research examined various rural financial programs in Kenya, including Microfinance Institutions (MFIs), Savings and Credit Cooperative Organizations (SACCOs), and Rotating Savings and Credit Associations (ROSCAs). Their findings indicated that these programs have had a positive impact on reducing poverty among the impoverished population.

The study observed that the savings mobilization of rural communities, their untapped utilization potential, and their distinctive banking requirements have not been adequately addressed. Furthermore, the formal banking institutions have had limited influence due to inadequate rural infrastructure and the absence of a clear rural financial policy, as well as pending legislation such as the MFI Bill and SACCO Bill. One limitation of the study is that it primarily focused on exploring the connection between access to financial services and poverty reduction by assessing outreach levels and financial sustainability indicators.

The context relationship between microfinance products and economic empowerment of women groups has been widely studied and documented. A growing body of literature has demonstrated that microfinance products, such as small loans, savings and insurance, have had a positive impact on the economic empowerment of women (Gonzalez, 2017). These products have enabled women to start businesses and become self-employed, enabling them to gain financial autonomy, increase their incomes, and improve their living conditions. This economic empowerment has been associated with an increased sense of self-worth and confidence, and improved social standing in their communities (Kaur & Kaur, 2017).

Furthermore, microfinance products have been found to have a positive effect on the economic empowerment of women by providing them with a source of financial capital, which enables them to access additional resources and services (Gonzalez, 2017). In addition to its positive impact on the economic empowerment of women, microfinance products have also been found to have a positive effect on overall economic development and poverty reduction (Kaur & Kaur, 2017). This is due to the fact that microfinance products enable women to become active participants in their local economies, which in turn increases economic activity and reduces poverty (Gonzalez, 2017). As such, the context relationship between microfinance products and economic empowerment of women groups is an important one that should not be overlooked.

2.5.1 Micro Lending Products and Economic Empowerment of Women Groups

Microfinance institutions contribute to elevated income through the availability of microloan products and educational resources on financial management. They also lead to an expansion of assets, which can be acquired with the aid of available funds, and improved well-being in areas such as food security, housing, and health (Mayoux, 2011). The primary challenges faced by women entering the business sphere in Kenya have been the lack of access to credit and the absence of necessary training (KREP 1995). Additional research studies have identified issues such as restricted purchasing power, particularly in rural regions, a deficiency in management skills, insufficient physical infrastructure, and inadequate initial capital (Alila, 1993).

Kabeer (2011) emphasizes that while women's access to credit and their role in contributing to family finances are essential components, they alone are not adequate for attaining economic empowerment. Microfinance plays a pivotal role in enabling women entrepreneurs to generate their independent income separate from their spouses. This positions them as active contributors to the welfare of their families and the communities they are part of. With access to loans, women can expand their businesses and utilize the generated profits to repay these loans. Over time, this cyclical process empowers women by fostering their growth and augmenting their income-earning potential.

The primary purpose of micro-lending services, often referred to as microcredit, is to furnish small loans to micro-entrepreneurs or community groups, enabling them to invest in their businesses, reinvest their earnings, and gradually lifts them out of poverty. As indicated by Karuga (2013), micro-lending offers both financial resources and a sense of personal empowerment to female entrepreneurs and women's groups. Although microcredit is considered a valuable financial tool for some individuals and business owners, it generally doesn't result in significant increases in income. Therefore, several critical challenges surround microcredit, including how to enhance its contribution to poverty reduction, what credit product choices and screening methods can enhance its effectiveness, and how to make it more sustainable.

Smith *et al*., (2017) conducted a comprehensive study involving women's groups in rural areas of India. They found that access to micro lending products led to a significant increase in women's income and financial independence. These women reported an enhanced ability to invest in small-scale businesses, purchase productive assets, and improve their household living standards. The study also noted a positive correlation between micro lending and increased participation of women in decision-making within their households and communities. Overall, Smith *et al.*, concluded that micro lending products have a profound and positive impact on the economic empowerment of women groups.

In contrast, Johnson and Brown (2018) study examined women's groups in a similar context but arrived at a different conclusion. Their research found that while micro lending products did provide some short-term financial relief to women, the long-term impact on economic empowerment was limited. Johnson and Brown argued that the high-interest rates associated with micro loans often left borrowers trapped in cycles of debt, hindering their ability to achieve sustained economic progress. Additionally, they found that the emphasis on individual repayment responsibility in micro lending programs often led to social tensions within women's groups, undermining their cohesion and collective empowerment.

These contrasting findings shed light on the complex nature of the relationship between micro lending products and the economic empowerment of women groups. Smith *et al.*, highlight the potential benefits of such programs, emphasizing increased income, financial independence, and improved decision-making power. On the other hand, Johnson and Brown's study underscores the potential drawbacks, particularly the risk of debt cycles and social tensions within these groups.

2.5.2 Micro Saving Products Economic Empowerment of Women Groups

The microfinance sector delivers financial services to micro-entrepreneurs, small business proprietors, social groups, and other individuals who would otherwise have no access to conventional banking and associated services. Among these services, savings options are offered by Microfinance Institutions (MFIs) to customers, whether as a group or individually. Providing the opportunity for saving, rather than just access to credit, can serve as a means to help impoverished individuals escape poverty, as emphasized by Robinson (1996). Additionally, the capacity and opportunities to save also function as a safeguard against unforeseen events like illness and temporary unemployment, as noted by Rhyne and Otero (1992).

Women who embark on entrepreneurial endeavors encounter two significant obstacles: a shortage of financial resources and difficulties in securing credit, as pointed out by Anand (2015). Furthermore, rural women often lack proficiency in savings management, despite their innate aptitude for running small businesses. The primary hindrance to their advancement lies in their inability to accurately assess the profitability of these ventures. It's important to note that women should not be held accountable for their deficiency in accounting or business management skills. In addition to the tangible benefits, saving for low-income micro-entrepreneurs carries non-material advantages. One such advantage, among others, is that saving fosters a sense of personal responsibility and self-reliance among borrowers while acquainting them with the importance of timely repayment, as highlighted by Gulli (1998).

Micro savings products are designed to offer easily accessible and secure options for individuals to save money, whether it's for future investments or as a safeguard against unexpected economic hardships, as explained by Mayoux (2011). These micro savings products can encompass uncomplicated, no-frills bank accounts, as well as commitment-based products that encourage regular deposits or restrict withdrawals to help savers attain their savings objectives, as noted by Duflo (2012).

According to the research conducted by Dupas and Robinson (2019), access to savings products has a dual impact, both in enabling individuals to maintain stable consumption patterns by protecting themselves against economic shocks and in facilitating increased investments in their micro-businesses. A significant challenge in this context is making these products cost-effective for Microfinance Institutions (MFIs) and comprehending whether, in light of the promising findings, there is a rationale for government subsidies.

In contrast, Ali and Hassan (2020) study examined women's groups in a similar context but arrived at a different conclusion. Their research found that while micro saving products did provide some short-term financial relief to women, the long-term impact on economic empowerment was limited. Additionally, they found that the emphasis on group savings responsibility in micro saving programs often led to social tensions within women's groups who do not contribute their savings, undermining their cohesion and collective empowerment.

2.5.3 Micro Insurance Products and Economic Empowerment of Women Groups

Microfinance institutions (MFIs) offer a range of insurance products to their clients. Insurance serves as a valuable resource for low-income households, as it affords them a heightened level of protection against various risks, including those related to property, death, health, and disability. This protection is achieved by spreading the risk of such events occurring across a large number of individuals, resulting in significantly lower costs or premiums per person, as indicated by Duflo (2012).

The expense of securing insurance against uncertain events is notably more affordable than relying on self-insurance through savings, and it represents a relatively small portion of a household's budget. MFIs' insurance services enhance the level of protection available to low-income households against property, death, health, and disability risks through the pooling of these risks across a large population, leading to substantially reduced costs per person, as emphasized by Dupas and Robinson (2019).

The expense of acquiring insurance against an unpredictable event is significantly more economical than relying on self-financed protection through savings, and it constitutes a minor portion of a household's financial resources. Micro insurance products are specifically structured to mitigate various types of risks, including those related to agriculture, business, and health. In emerging markets, as noted by Jan and Larry (2012), the provision of such insurance to microenterprises encounters two distinct challenges associated with information disparities. Firstly, similar to established markets, insurance providers must grapple with the task of ensuring that claims are valid and preventing high-risk individuals from selectively joining their customer base. Secondly, in new markets, there exists an additional challenge of instilling confidence among potential customers that their insurance will indeed provide coverage in the event of future adverse incidents.

Contrary to the positive viewpoint, some scholars caution against overestimating the impact of micro insurance products on the economic empowerment of women. Ooko (2020) found that while micro insurance products can provide a safety net, the extent of its impact varies significantly depending on factors such as the quality of insurance products and the socioeconomic context. In some cases, micro insurance products may not adequately cover the needs of women or may have limitations that hinder their economic empowerment.

Furthermore, concerns have been raised by Patel and Gupta (2021) about the potential debt trap that micro insurance products may create for women. In instances where premium payments become burdensome, women may be forced to divert funds from essential expenses, ultimately undermining their economic well-being.

2.5.4 Micro Capital Products and Economic Empowerment of Women Groups

Microfinance serves as a developmental instrument that offers financial services and products, including very small loans, savings, micro leasing, micro insurance, and money transfers, to support individuals who are extremely impoverished in establishing or expanding their businesses, as outlined by Duflo (2012). It is predominantly utilized in developing economies where Small and Medium Enterprises (SMEs) lack access to other sources of financial aid.

Capital products encompass various forms of financial support for startup businesses or the injection of capital to facilitate business expansion. These may take the form of equity, working capital, mezzanine capital, trading capital, and other types of capital offered to SMEs and social groups. Ahiabor (2013) conducted a study to evaluate the impact of microfinance on SMEs in Ghana. Employing a simple random sampling technique, the study involved a sample of 70 SMEs and 30 Microfinance Institutions (MFIs). The findings disclosed that SME owners were aware of MFI products and acknowledged their contributions to SME growth. However, it is important to note that the study did not specifically focus on women-owned businesses.

Ochola (2013) conducted a study to investigate the impact of capital sufficiency on the productivity, profitability, growth, and expansion of businesses owned by women in Kisumu. The study employed various sampling techniques, including clustering, simple random sampling, purposive sampling, and random sampling, with a sample comprising 341 registered women-owned businesses. The findings revealed that adequate micro-financing has a significant influence on profitability, productivity, growth, and expansion. However, it's important to note that the study did not specifically examine the working capital of women-owned Small and Medium Enterprises (SMEs).

In a related study, Gichuki, Mulu-Mutuku, and Kinuthia (2014) examined the challenges faced by micro SMEs in accessing credit facilities in Kangemi Harambee Market. Using a descriptive research design and a sample of 241 Micro and Small Enterprises (MSEs), the study determined that the lack of collateral is a primary hindrance to credit accessibility. Nevertheless, the study did not explore government financing programs that provide credit to businesses owned by women. This underscores the significance of capital and other forms of borrowing in fostering the success of women-owned businesses.

2.6 Conceptual Framework

Following a thorough examination of theory and an extensive literature review, a conceptual framework has been developed to delineate the variables that are pertinent to this study. The conceptual framework provides a visual representation of how micro lending, micro saving, micro insurance, and micro capital products collectively contribute to enhancing the economic empowerment of women's groups. Below is a visual depiction of the conceptual framework for this research.

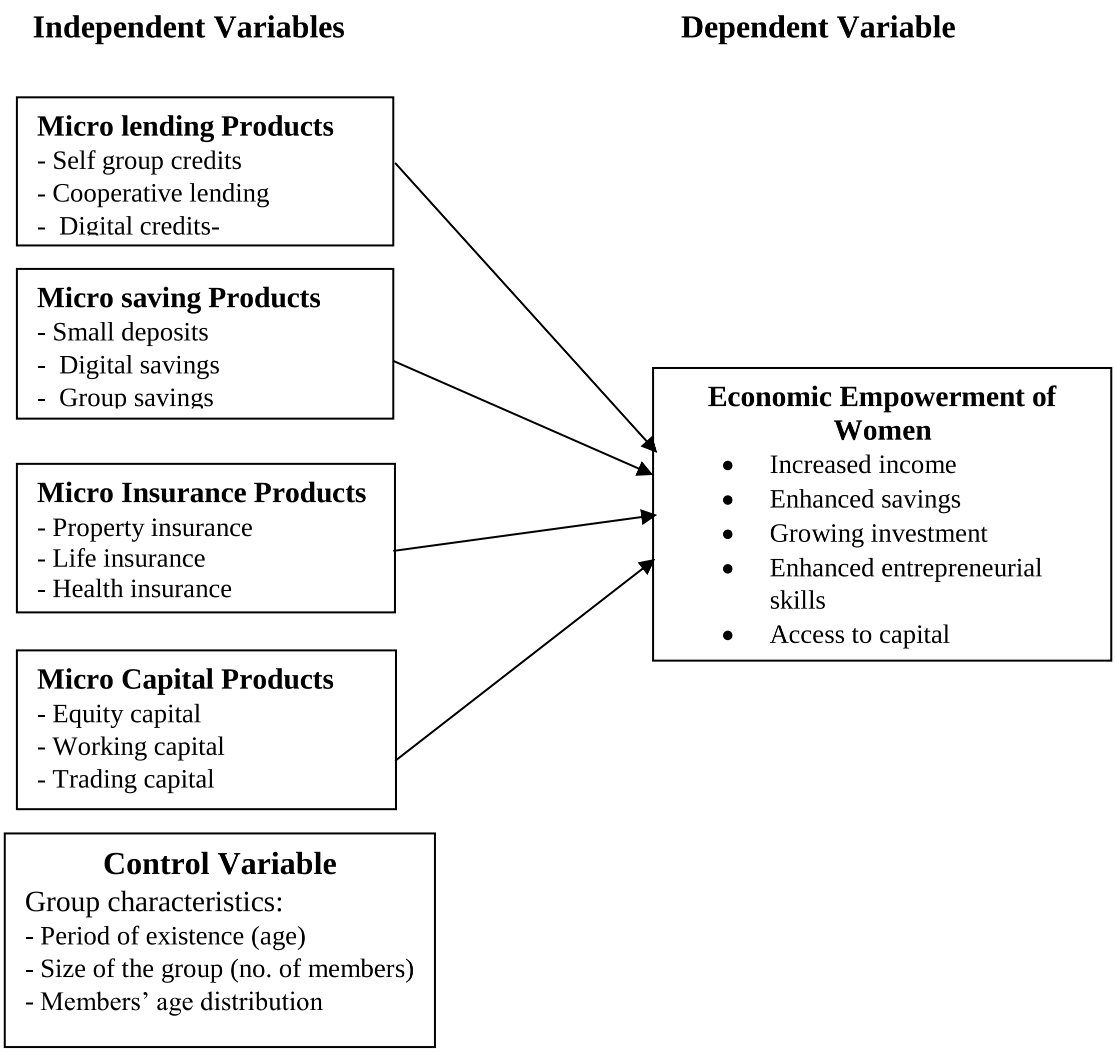

Figure 2.1: Conceptual Framework

Source*: (Author, 2023)*

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines detailed description of the research methodology that has been adopted in this study. It focused on research design, target population, sample sampling techniques, data collection methods and concludes with the data analysis and presentation methods used in the study.

3.2 Research Design

Research design refers to the organized blueprint, structure, and methodology of an investigation that is formulated with the purpose of obtaining solutions to research inquiries and regulating variations, as explained by Coopers and Schindler (2011). This research study adopted explanatory research design. It is used to gain insights on a problem which is not clearly defined. This design was more appropriate as it enables respondents to give their relevant information on the issues of interest to the study. This research design was employed since it enables the researcher to observe the respondents in their natural setting without manipulating their environment. Adopting an explanatory design in this study allows for a deeper understanding of the causal relationships between microfinance products and women's economic empowerment.

3.3 Target Population

The target population, as defined by Borg and Gall (2009), represents the complete collection of individuals within a tangible or hypothetical group of people, events, or objects to which a researcher aims to apply the findings in a broader context. There are 28 established MFIs operating in Kilifi County, all providing financial support to women groups. According to Kenya Climate Innovation Centre (KCIC) database there are 3320 women groups in Kilifi County; which have been in existence for some time now, thus, taken as the population in this study. Since the study aimed at assessing the effect of Microfinance products on economic empowerment of women groups in Kilifi County, Kenya, thus the focus on Kilifi County. The study targeted any member of the registered women groups to be the respondents of the closed ended questionnaire. Mugenda and Mugenda (2003) explained that the target population should have observable characteristics to which the study intends to generalize the result of the study. This definition assumes that the population is not homogeneous.

3.4 Sample Size and Sampling Technique

The purpose of sampling is to secure a representative group which enables the researcher to gain information about an entire population. From the target population of three thousand three hundred and twenty (3320), the Krejcie and Morgan table (t table-attached on annexed V) was used to draw an ideal sample size of three hundred and forty-one (341). Since the target population of this study was women groups, simple random sampling techniques was employed to select women representative who gave information on behalf of group members. In this case, the researcher assigned a unique identifier to each element in the sampled women. Using a random number generator, the researcher selected 341 random numbers from the population, with each number corresponding to a chosen participant, thus ensuring a representative sample.

3.5 Data Collection Instruments

The researcher collected data from primary sources using questionnaires. A structured questionnaire with closed ended questions was employed to obtain information from the registered women group representative in Kilifi County. Through the structured questionnaire the researcher was able to contact large numbers of people quickly, easily and efficiently using a delivery questionnaire. Questionnaires are relatively quick and easy to prepare code and interpret, especially in the case of closed questions (Cooper & Schindler, 2011). Questionnaires were pre-tested for validity and reliability before distribution to respondents.

3.6 Pilot Study

A pilot study was conducted to reduce obscurity of questionnaire items and enhance data integrity. The researcher carried out pilot study using 20 women groups in Nairobi County. Nairobi County was selected for pilot exercise to ensure that participants who participated are not included in the actual sample, also Nairobi being the Capital City of Kenya, most women in Nairobi are considered economically empowered and can resonate and give an informed feedback on the questionnaire. The target population, as outlined by Borg and Gall (2009), encompasses the entire assembly of individuals within a concrete or hypothetical group of people, events, or objects that a researcher intends to generalize their findings to in a wider context.

3.6.1 Reliability of Research Instruments

In accordance with Nachimias (1996), reliability pertains to the consistency of a measuring tool, which reflects the degree to which the measuring instrument incorporates variability due to errors. In this research, the reliability of the instrument was assessed using Cronbach's Alpha, where the coefficient Alpha value can range from zero (indicating no internal consistency) to one (indicating complete internal consistency). From the findings, the Cronbach's Alpha coefficients of 0.7 and above was observed, implying that the data instrument was reliable, see table 3.1 below.

Table 3.1: Reliability Results

	Cronbach's Alpha value	**Sample(N)**
Micro lending products	.775	20
Micro saving products	.891	20
Micro insurance products	.798	20
Micro capital products	.855	20

Source: *Pilot, 2022*

3.6.2 Validity of Research Instruments

As per Mugenda and Mugenda (2003), validity pertains to the extent to which a measuring instrument accurately assesses what it is meant to evaluate. Validity is concerned with how faithfully the data acquired in the study represent the variables under investigation. In this research, the instrument's validity was emphasized right from the design phase. Content validity was employed, ensuring that the items in the data instruments align with the intended content universe they were meant to measure. Additionally, face validity was pursued, incorporating valuable input from the researcher, supervisors, and relevant academic personnel to determine the research instruments' validity. The researcher made adjustments to the questionnaire items based on the recommendations provided by these experts.

3.7 Data Collection Procedure

Data collection was obtained by use of questionnaires with closed ended questions. The questionnaire was self-administered by drop and picks method to the representative of women groups. The respondents were guided on how to fill out the questionnaires and given a time frame of one week to complete filling them before returning them for further processing. Thereafter, data was checked for completeness and consistency before coding them for analysis.

3.7.1 Data Analysis and Presentation

In this study, quantitative data analysis methodologies were adopted due to the nature of the study. With the use of Statistical Package for Social Sciences (SPSS) version 21.0, analytical tool, data analysis was carried out by use of descriptive statistical approaches; which included measures of frequency and measures of central tendency/dispersion i.e. mean, median, and mode and standard deviations. Similarly, in order to determine the relationship between study variables, correlation and regression analysis was adopted. Correlation test helped to determine the relationship that exists between study variables while regression test was done to determine the effect of predictor variables on the predicted variable.

3.8 Measurement of Variables

In the study, the dependent variable is the empowerment of women groups. This dependent variable is influenced by several independent variables, including micro lending products, micro saving products, micro insurance products, and micro capital products.

3.8.1 Micro Lending Products

One of the independent variables in this study was micro lending products. These are lending products which include small loans for income-generating activities or business expansion. The study investigated how access to and utilization of these lending products affected the economic empowerment of women groups. Thus, the researchers adopted a 5 Likert-type scale to measure the satisfaction of borrowers with the loan offerings. The measurement items included factors such as interest rates, loan repayment terms, and overall service quality as shown by Asfaw and Sharma (2017).

3.8.2 Micro Saving Products

The other variable was micro saving products. The study explored how these saving products contribute to the empowerment of women by assessing factors like savings accumulation, financial security, and the ability to invest in income-generating activities. To measure this, the researcher utilized a 5 Likert-type scale to measure the perceived effectiveness of these products. The measurement items included factors like ease of access/use, interest rates, and the convenience of accessing savings accounts (Johnson & Patel, 2018).

3.8.3 Micro Insurance Products

Micro insurance products are designed to protect individuals and their assets from unexpected events. The study examined how access to micro insurance products impacted the economic empowerment of women by evaluating whether insurance coverage enhances their resilience against economic shocks and encourages entrepreneurial risk-taking. The researcher employed a 5 Likert-type scale to measure policyholders' satisfaction levels. Measurement items included aspects such as coverage adequacy, premium affordability, and claims processing efficiency as put across by Smith and Nguyen (2020).

3.8.4 Micro Capital Products

Micro capital products, such as equity investments or grants, may be offered to women groups to support their economic activities. The study analyzed how these capital injections influence the empowerment of women by measuring their impact on business growth, profitability, and sustainability. The researcher employed a 5 Likert-type scale to assess the perceived effectiveness of these capital financial provisions to women groups. The measurement items encompassed factors such as accessibility, interest rates, and the impact of micro capital on women owned business growth as adopted by Anderson and Smith (2019). The table below shows how study variables were measured.

Table 3.3: Measurement of Variables

Variable Name	Type	Measurement Scale	Likert type	Source
Micro lending products	Independent	Nominal and Scale	5-likert scale	Mayoux 2011; Kaber 2011; karuga 2013; Johnson & Brown 2018.
Micro saving products	Independent	Nominal and Scale	5-likert scale	Anand 2015; mayoux 2011; Dupas & Robinson 2019; Ali & Hassan 2020.
Micro insurance products	Independent	Nominal and Scale	5-likert scale	Duflo 2012; Jan & Larry 2012; Ooko 2020.
Micro capital products	Independent	Nominal and Scale	5-likert scale	Ahiabor 2013; Ochola 2013; gichuki *et al*., 2014.
economic empowerment of women	Dependent	Nominal and Scale	5-likert scale	Johnson 2017; Swain *et al*., 2017; Sanja 2013.

3.9 Statistical Model

The model below was formulated for the researcher to statistically determine the contribution made by the independent variable on the dependent variable. This study adopted a linear regression model equation as follow:

$$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \varepsilon$$

$$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \beta_5X_5+ \varepsilon$$

Where:

Y is the dependent variable (economic empowerment of women),

β_0 is the regression constant,

β_1, β_2, β_3 and β_4 are the coefficients of independent variables,

X_1 is Micro lending products,

X_2 is Micro saving products,

X_3 is Micro insurance products,

X_4 is Micro capital products;

X_5 is Group characteristics (control variable)

ε is the standard error

This study involved variables as illustrated above in the equation; the regression model specifies the relation between dependent variable (Y) to a function combination of independent variables (X_k) and unknown parameters (β).

3.10 Diagnostic Tests

The regression model above underwent diagnostic tests to assess the model assumptions and to examine whether or not there are observations with big, undue effect on the analysis. This involved linearity, normality, multi-collinearity and homoscedasticity tests as explained below:

3.10.1 Normality Test

Multiple regression analysis presupposes that the data being examined adheres to a normal distribution, as noted by Osborne and Waters in 2014. When variables are not normally distributed, they can introduce distortions in the relationships and significance tests. The assumption is that errors follow a normal distribution, and a plot of the residuals' values should approximate a normal curve. There are various methods for assessing normality, including the Shapiro-Wilk, Kolmogorov-Smirnov, Lilliefors, and Anderson Darling tests. In this particular study, the Shapiro-Wilk test was employed, given its reputation as the most potent normality test, as suggested by Razali and Wah in 2011. If the results of the variables are found to be greater than 0.05 ($p > 0.05$), this would confirm the normality of the data.

3.10.2 Linearity Test

Linearity will be achieved by plotting residuals values and checking for the spread of residuals around a horizontal line. By examining a normal Predicted Probability (P-P) plot, the researcher will determine if the residuals are normally distributed. If they are, they will conform to the diagonal normality line indicated in the plot.

3.10.3 Multicollinearity Test

Multicollinearity arises when there is a high degree of correlation among the independent variables. In cases where collinearity is low, the researcher can effectively interpret the regression coefficients, as indicated by Keith in 2006. To assess the presence of multicollinearity, the Variance Inflation Factor (VIF) will be calculated using the Statistical Package for Social Science (SPSS). According to Bowerman and Connell in 2006, lower VIF values are preferable, while higher VIF values are known to have an adverse impact on the results obtained from a multiple regression analysis. If the tolerance value exceeds 0.1, and the VIF value is below 10 simultaneously, this indicates the absence of multicollinearity.

3.10.4 Homoscedasticity

This occurs when the results of the regression become unreliable. This was checked based on the scatter-plot output below; when spots appear diffused and do not form a clear specific pattern, it is concluded that the regression model does not have heteroscedasticity test (*See table* 4.10).

3.11 Ethical Consideration

This research adhered to all ethical principles and procedures, ensuring compliance with matters related to confidentiality, privacy, and prior informed consent. In particular, the researcher secured an introductory letter from the School of Business and Economics at Moi University. Furthermore, a research permit was acquired from the National Council for Science and Technology (NACOSTI) to ensure that all relevant authorities were notified about the study's intentions.

Moreover, all participants were duly informed about the study's objectives and guaranteed the utmost confidentiality for any information they shared. Prior consent was sought from potential respondents before the distribution of questionnaires.

CHAPTER FOUR

DATA ANALYSIS DISCUSSION OF FINDINGS

4.1 Overview

This chapter presents the research findings and reporting according to the four objectives of the study outlined in chapter one. It begins with demographic representation, descriptive statistics, diagnostic tests, correlation analysis regression analysis, and test of hypotheses. The results of the analysis were presented using tables and charts.

4.2 Response Rate

The researcher distributed 341 questionnaires in which 304 were returned representing 89.1%. However, 37 of the questionnaires representing 10.9% were not returned by the respondents. Table 4.1 shows the detail representation response rate. Usually, a response rate of 70% and above is important since it is an excellent representation of the population to avoid biasness.

Table 4.1: Response Rate

S/no		Frequency	Percentage (%)
1	Responded Questionnaires	304	89.1%
2	Non-responded Questionnaires	37	10.9%
	Total	**341**	**100.0%**

Source: *Survey, 2023*

4.3 Descriptive Statistics

4.3.1 Demographic Information

4.3.1.1 Age Distribution

Similarly, respondents were asked to state their age. Result on age composition shown that most were between 26-33 years at 107(35%), followed by 34-41 years who were 94(31%), while those with 18-25 years were 49(16%). More so, respondents with age bracket of 42-49 years were 40(13%) and those of above 50 years were few, 14(5%). This implies that most respondents involved in this study were young and therefore, easy to comprehend and respond to the questions provided to them.

Table 4.2: Age Distribution

Age	Frequency	Percentage (%)
18-25 years	49	16
26-33 years	107	35
34-41 years	94	31
42-49 years	40	13
More than 50 years	14	5
Total	**304**	**100**

***Source**: Survey 2023*

4.3.1.2 Education Level

The researcher sought to determine the level of education for all the respondents, majority of them 103(34%) had Diplomas, 64(21%) had Bachelor's degree, 51(17%) had obtained college certificate trainings, 28(9%) had secondary education, 31(10%) had primary education and very few had postgraduate education as shown in fig. 4.2. This implies that most of the respondents were knowledgeable enough to provide the required data/information relating to the variables under study.

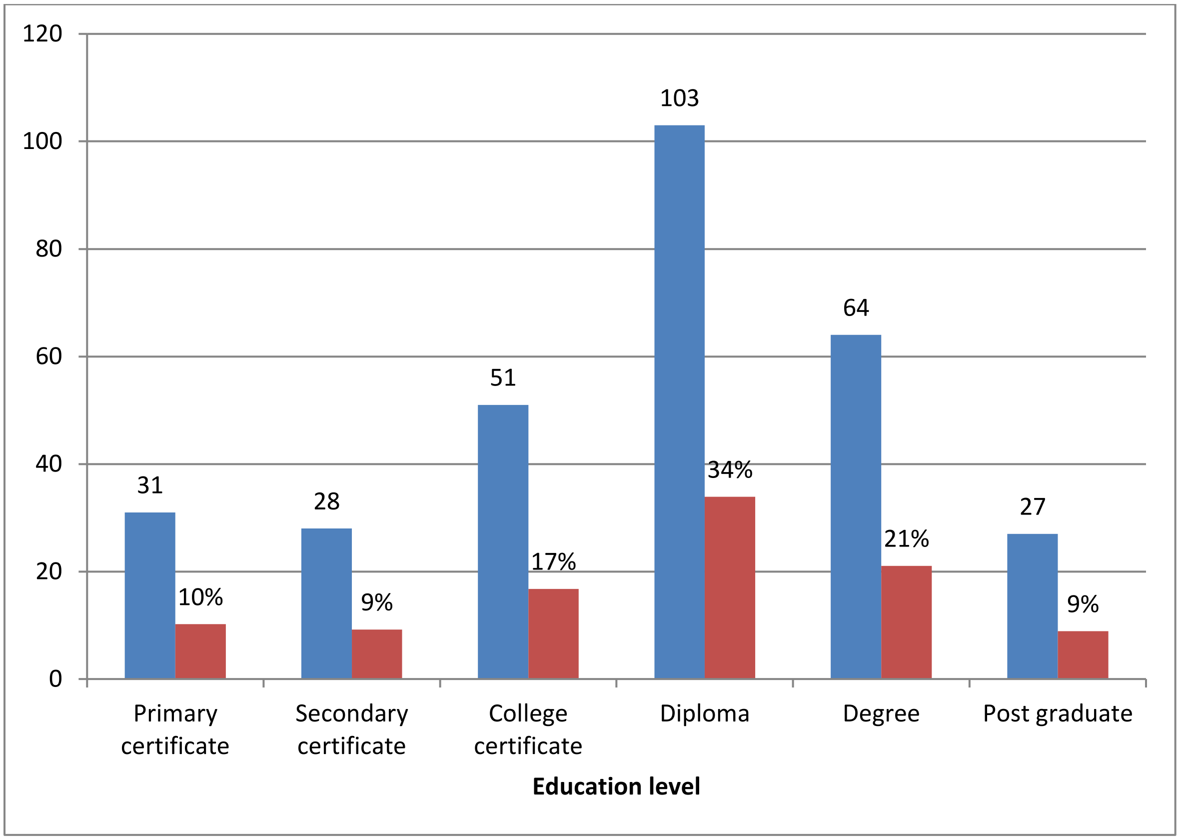

Figure 4.2: Level of Education

Source*: *Survey, 2023

4.3.1.3 Duration for Membership and Existence of the Group

The respondent's in this study was asked to state their duration as members of the group as well as the period that the group has existed. The findings showed that majority of them have been members for a period of 3-4 years, 118(39%), followed by those who have been members for 2 years 86(28%), 5-6 years 73(24%) and those who have been there for 7-8 years were 15(5%), above 8 years were few 12(4%) as shown in table 4.3 below. Thus, it is concluded that many of the respondents have not sated long as members of their groups.

Table 4.3: Duration of Membership and Existence of the Group

	How long have you been a member of this group?		**How long has your group been in existence?**	
	Frequency	Percentage (%)	Frequency	Percentage (%)
0-2 years	86	28	87	29
3-4 years	118	39	68	22
5-6 years	73	24	78	26
7-8 years	15	5	50	16
More than 8 years	12	4	21	7
Total	**304**	**100**	**304**	**100**

Source**:** *Survey, 2023*

Furthermore, this study sought to establish the duration of the existence of the women groups involved in this study. The findings as shown in fig. 4.3 above, showed that majority 87(29%) are below 2 years, 78(26%) have been in existence for 5-6 years, 68(22%) for 3-4 years and 50(16%) for a period between 7-8 years, while a few 21(7%) have existed for period more than 8 years. These findings indicate that majority of the women groups were young and therefore, their members are suitable to provide information regarding their access to capital among other MFI products that are pertinent to their growth and existence.

4.3.1.4 Occupation of the Members

This sough to establish the occupation of the members of women groups in Kilifi County. The findings showed that majority 111(37%) were farmers, 101(33%) were business owners, 50(16%) were private sector employees, 39(13%) were civil servants and a few 3(1%) were involved on other businesses as shown in figure 4.3 below. From the findings, many farmers participate in women's economic empowerment programs due to the recognition that empowering women enhances overall agricultural productivity, community development, and food security. Inclusive initiatives acknowledge the pivotal role women play in farming and leverage their contributions for sustainable economic growth.

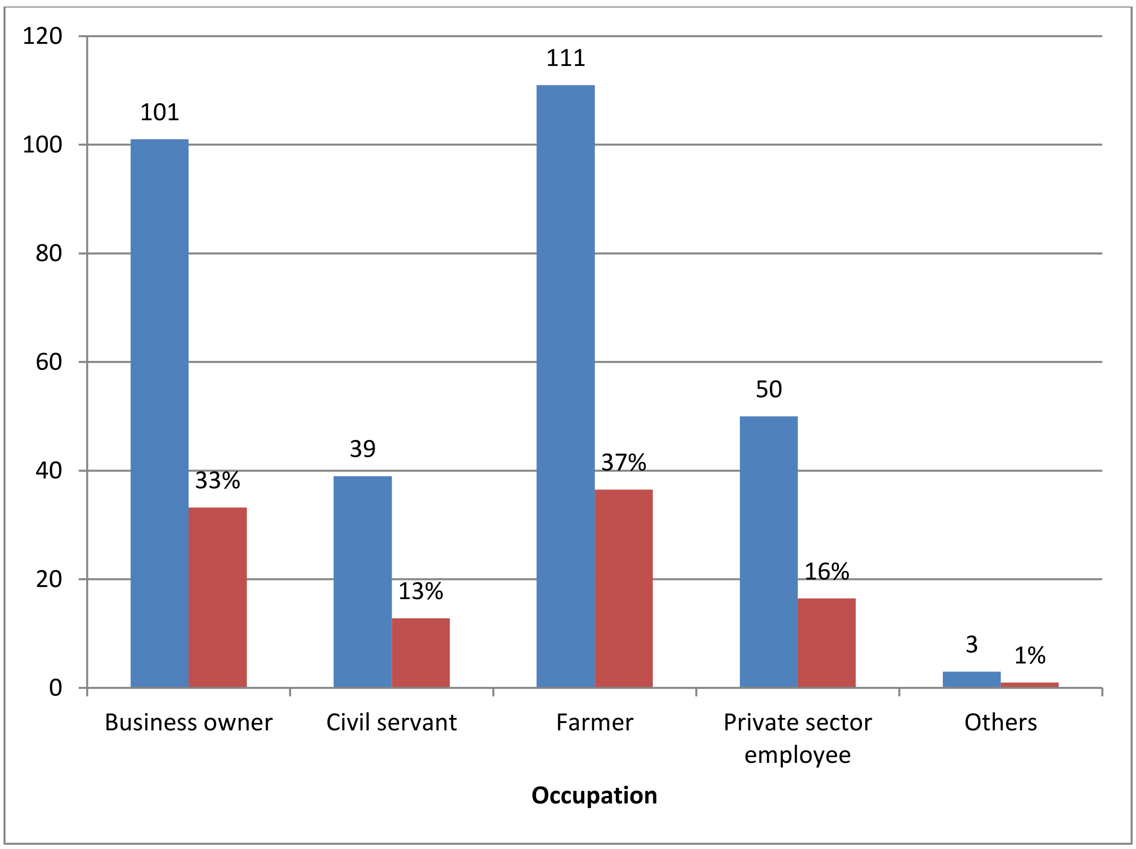

Figure 4.3: Occupation

Source*: *Survey, 2023

4.3.1.5 Approximate Earnings, Savings & Capital

The representatives of women groups involved in this study were asked to state their approximate earnings per month, savings per month and approximate capital accessed from MFIs in one year. The findings shown that majority of the women 105(35%) earn over 20,000 Kshs (Most empowered), and 78(26%), earn between 4001-10,000 Kshs, (empowered) 74(24%) of them earn between 10,001-20,000 Kshs a month (more empowered), while 40(13%) earn between 1,001-4,000 Kshs (Slightly empowered) and a few felt that they are not empowered as they earn less than 1,000 Kshs per month, 7(2%). Earning 20,000 per month, women groups exhibit economic empowerment through collective efforts, fostering financial stability, skill development, and community impact. Their shared success reflects resilience and sustainable progress and therefore, it is evident that through groups, most women in Kilifi County have been economically empowered as shown in table 4.3 below.

Similarly, 106(35%) of the women have accumulated savings of over 20,000 Kshs per month, while 82(27%) have saved between 4,001-10,000 Kshs, and 76(25%) are saving between 10,001-20,000 Kshs monthly. This shows that even though the groups are young, they have started saving in MFIs. Through savings, women gain financial independence, which is more likely to benefit them rather than relying on others for financial support. This also serves as an important source of empowerment for women, helping them to build a better future for themselves and their families.

Lastly, the findings in this study showed that majority of the women 107(35%) have accessed capital of over 20,000 Kshs to support their businesses; 73(24%) have accessed capital between 4,001-10,000 Kshs, while 61(20%) have accessed capital between 1,001-4,000 Kshs as shown in table 4.4 below. This implies that women groups in Kilifi County have accessed capital through MFIs which has helped them in many ways. For instance, access to capital have enabled women to start their own businesses, allow them to access credit and loans to grow their businesses, and provide them with the opportunity to invest in their education and future. Additionally, by accessing capital through MFIs, women can reach their financial goals and become more successful in their chosen fields.

Table 4.4: Approximate Earnings, Savings & Capital

	Approximate earning per month		**Approximate savings per month**		**Approximate capital accessed in a year**	
	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)
Less than 1000 Kshs - Not empowered	7	2	4	1	12	4
Between 1001-4000 Kshs - Slightly empowered	40	13	36	12	61	20
Between 4001-10000 Kshs - Empowered	78	26	82	27	73	24
Between 10001-20000 Kshs - More empowered	74	24	76	25	51	17
Over 20000 Kshs - Most empowered	105	35	106	35	107	35
Total	**304**	**100**	**304**	**100**	**304**	**100**

Source**:** *Survey, 2023*

4.4 Study Variables

4.4.1 Micro Lending Products

The first objective of this study was to establish the effect of Micro lending products on economic empowerment of women groups in Kilifi County, Kenya. The findings revealed that majority of the women have formed groups to be able to access credits from MFIs (Mean=4.2, Std dev.=1.2), and that interests charged by MFIs is favorable to women groups (Mean=3.8, Std dev.=1.3) and also women groups are allowed to borrow from MFIs with less collaterals (Mean=3.7, Std dev.=1.3). Furthermore, it was established that Women business owners easily access micro credits from MFIs (Mean=4.4, Std dev.=1.2), and this has boosted women SMEs in Kilifi County (Mean=4.3, Std dev.=1.2) and that through digital lending platform, MFIs provide convenient financial support to majority women in business (Mean=3.7, Std dev.=1.3) as shown in the table 4.5 below.

Therefore, it is evident that MFIs' micro lending products are an important tool for women empowerment. This study found that micro lending products have provides opportunity for women to access financial services, enabling them to start and grow their businesses, build assets, and secure financial independence. Micro loans have provided the necessary capital for women to start a business or expand an existing one. In general, micro lending products were found to have empowered women economically (Aggregate Mean=3.9, Std. Dev=1.3).

Table 4.5: Micro Lending Products

	Mean	Std. Dev.	Skewness	Kurtosis	Sample (N)
Majority of women have formed groups to be able to access credits from MFIs	4.2	1.2	-1.0	.0	304
Interests charged by MFIs is favorable to women groups and any other female borrowing loans	3.8	1.3	-1.0	-.1	304
Women groups are allowed to borrow from MFIs with less collaterals	3.7	1.3	-.8	-.4	304
Women business owners are able to easily access micro credits from MFIs	4.4	1.2	-.9	.0	304
Micro lending have booted women SMEs in Kilifi County	4.3	1.2	-1.1	.3	304
MFIs through digital lending platform, have provided financial support to majority women in business	3.7	1.3	-.7	-.6	304
Aggregate Mean, Std. Dev.	**3.9**	**1.3**			

Source*: *Survey, 2023

4.4.2 Micro Saving Products

The second objective was to determine the effect of Micro saving products on economic empowerment of women groups in Kilifi County, Kenya. The findings showed that many women have learned to saving culture through MFI services (Mean=4.4, Std dev.=1.3), and that MFIs encourage women with small businesses to save their income in small portions (Mean=4.3, Std dev.=1.2), trained them on savings, thus improving their saving culture (Mean=4.4, Std dev.=1.2).

More so, it was established that through digital banking, women have managed to accumulate their savings, thus qualifying for larger credits (Mean=4.1, Std dev.=1.2), this has empowered women economically, and improved their socioeconomic status (Mean=4.0, Std dev.=1.2). However, it was uncertain whether women encourage others to join women groups to improve on their savings and other banking services (Mean=3.1, Std dev.=1.6). In general, it was agreed that access to savings through MFIs have improved women economic empowerment (Aggregate Mean=4.0, Std. Dev=1.3).

Therefore, micro saving products helps women build financial assets, which they can use as collateral to obtain loans, participate in the formal economy, and gain access to other financial services. Additionally, these products can help women become more independent and financially secure by providing them with the opportunity to save for their future needs and goals.

Table 4.6: Micro Saving Products

	Mean	Std. Dev.	Skewness	Kurtosis	Sample (N)
By accessing MFI services, many women have learned to save	4.4	1.3	-.6	-.6	304
MFIs encourage women with small businesses to save their income in small portions	4.3	1.2	-.5	-.8	304
MFIs have trained women groups on savings, thus improving their saving culture and avoid squandering	4.2	1.2	-1.0	.2	304
Through digital banking, women have managed to accumulate their savings, thus qualifying for larger credits	4.1	1.2	-1.3	.7	304
Macro saving have empowered women economically, improved their socioeconomic status	4.0	1.2	-.6	-.8	304
I encourage other women to join women groups to improve on their savings and other banking services	3.1	1.6	-.1	-1.6	304
Aggregate Mean, Std. Dev.	**4.0**	**1.3**			

Source**:** *Survey, 2023*

4.4.3 Micro Insurance Products

The third objective of this study was to examine the effect of Micro insurance products on economic empowerment of women groups in Kilifi County, Kenya. The findings showed that women groups have access credit life insurance; to pay off a loan balance in the event of death of the member (Mean=3.5, Std dev.=1.3), and again, MFIs have provided loan default insurance product which repays a loan in case of default (Mean=3.7, Std dev.=1.3) and that MFIs have provided women groups with health insurance cover in case of accident of illnesses (Mean=3.5, Std dev.=1.4).

However, there was uncertainty on the fact that MFIs have provided women property insurance; to insure the property that is collateral for an MFI loan or lease (Mean=3.2, Std dev.=1.4); MFIs provides disability insurance for micro business women to protect them against the reduction or loss of income due to illness or accident (Mean=3.3, Std dev.=1.4); and whether MFI insurance products are widely accepted by women (Mean=3.3, Std dev.=1.2).

Though, micro insurance products have been adopted by women groups, this has not been fully embraced by women groups as compared to other products (Aggregate Mean=3.4, Std. Dev=1.4) as shown in table 4.6 below. There are a number of reasons why women have not yet embraced micro insurance products. Primarily, there is a lack of financial literacy among women, especially in developing countries. Women are often not taught about financial products, and so do not understand their benefits. However, micro insurance products are designed to provide financial security and protection to those who may not be able to afford larger insurance policies.

This type of insurance is particularly beneficial for women, who often lack access to traditional financial services, as these products are aimed at low-income groups and are designed to protect against risks that are common in the more rural and remote areas where they live. Micro insurance products provide protection against health, death, and disability, allowing women to invest in their own welfare and providing them with greater financial security.

Table 4.7: Micro Insurance Products

	Mean	Std. Dev.	Skewness	Kurtosis	Sample (N)
Through MFIs women groups have access credit life insurance; to pay off a loan balance in the event of death of the member	3.5	1.3	-.6	-.8	304
MFIs have provided loan default insurance product which repays a loan in case of default	3.7	1.3	-.7	-.8	304
MFIs have provided women property insurance; to insure the property that is collateral for an MFI loan or lease	3.2	1.4	-.4	-1.2	304
MFIs have provided women groups with health insurance cover in case of accident of illnesses	3.5	1.4	-.5	-1.0	304
MFIs provide disability insurance for micro business women to protect them against the reduction or loss of income due to illness or accident	3.3	1.4	-.5	-1.1	304
MFI insurance products are widely accepted because clients expectations are sustainable	3.0	1.2	-.1	-1.3	304
Aggregate Mean, Std. Dev.	**3.4**	**1.4**			

Source*: *Survey, 2023

4.4.4 Micro Capital Products

The fourth objective of this study was to determine the effect of Micro capital products on economic empowerment of women groups in Kilifi County, Kenya. The findings showed that many women groups access capital for starting up businesses from MFIs (Mean=3.9, Std dev.=1.2) and that MFIs provide existing women businesses with financial support

(Mean=4.3, Std dev.=1.2) and that MFI financing is good for small businesses because they provide quick and lower interest capital for small businesses (Mean=3.8, Std dev.=1.3). Similarly, it was noted that it is easy for women groups to obtain capital for their businesses through MFIs (Mean=3.9, Std dev.=1.3), MFIs offer grants and other financials for capital (Mean=3.7, Std dev.=1.3) and that MFIs provide women with little savings to access capital for startup businesses (Mean=4.1, Std dev.=1.2) as shown in table 4.8 below.

In general, micro capital Products has been found to be very integral to women enterprises (Aggregate Mean=4.0, Std. Dev=1.3). This study established that micro capital products by MFIs, provide access to financial services to women who may not otherwise have access to them. This access enables women to start businesses, access credit, and build financial security. Micro-capital products also create economic opportunities for women and help them to become financially independent. This has led to greater autonomy, more economic and social opportunities, and increased self-esteem. Additionally, micro capital products have helped to close the gender gap in financial services and provide a more equitable economic landscape.

Table 4.8: Micro Capital Products

	Mean	Std. Dev.	Skewness	Kurtosis	Sample (N)
I access capital for starting up businesses from MFIs	3.9	1.2	-.9	-.3	304
MFIs provide existing women businesses with financial support	4.3	1.2	-1.0	.0	304
MFI financing is good for small businesses; they provide quick and lower interest capital for small businesses and empowerment groups	3.8	1.3	-.9	-.4	304
It is easy for women groups to obtain capital for their businesses through MFIs	3.9	1.3	-.9	-.2	304
MFIs offer grants and other financials for capital	3.7	1.3	-.7	-.8	304
MFIs provide women with little savings to access capital for startup businesses	4.1	1.2	-1.1	.1	304
Aggregate Mean, Std. Dev.	**4.0**	**1.3**			

Source**:** *Survey, 2023*

4.5 Assumptions of Linear Regression Analysis

4.5.1 Test of Linearity

Testing for linearity is important because it helps determine whether the linear model is a suitable method for analyzing the data. In this case, the plot below (*see figure* 4.4) shows a straight line meaning that the data points are plotted in a straight line, and the relationship between the variables is linear.

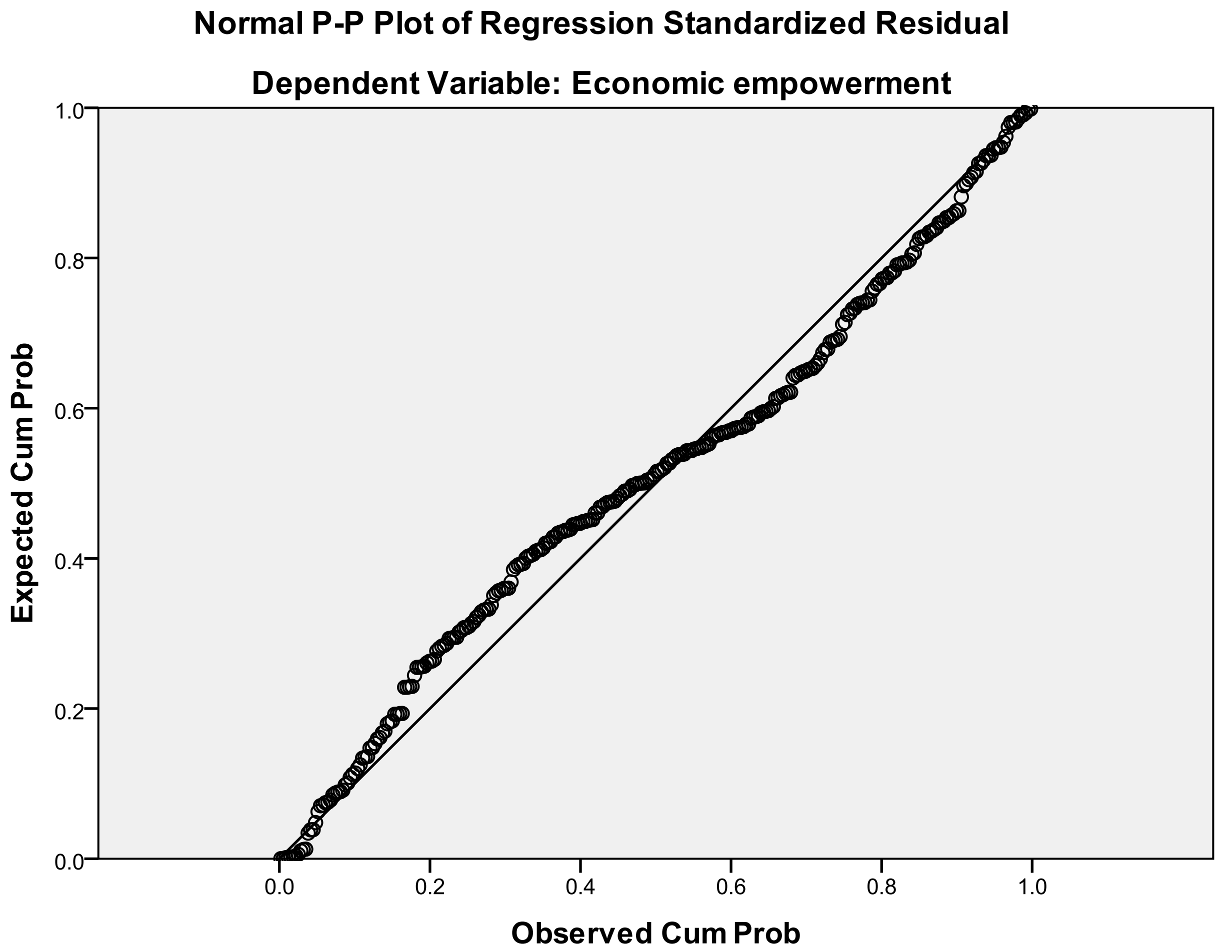

Figure 4.3: Linearity plot

Source**:** *Survey, 2023*

4.5.2 Test of Normality

Normality test was achieved through Kolmogorov-Smirnov and Shapiro-Wilk tests. However, the Shapiro-Wilk test was used for interpretation because it is regarded to be more powerful and accurate for small sample sizes. The findings showed that the data was normally distributed, all the p-values for all the variables (micro lending products, micro saving products, micro insurance products and micro capital products) were greater than 0.05 (p-value >0.05) as illustrated in table 4.8 below.

Table 4.9: Test for Normality

	Kolmogorov-Smirnova			**Shapiro-Wilk**		
	Statistic	Df	Sig.	Statistic	df	Sig.
Micro lending products	0.187	304	0.071	0.796	304	0.061
Micro saving products	0.257	304	0.064	0.816	304	0.079
Micro insurance products	0.574	304	0.100	0.144	304	0.210
Micro capital products	0.607	304	0.229	0.521	304	0.303

Source**:** *Survey, 2023*

4.5.3 Multi-collinearity Test

The other assumption test that was carried out is the assumption of Multi-collinearity. Multi-collinearity means the existence of a perfect or exact linear relationship among some or all predictor variables of a regression model. Multi-collinearity leads to coefficients that cannot be estimated with great precision or accuracy. This is assumption is usually checked by observing VIF values (>0.1). The obtained Variance of Inflation Factor (VIF) output were 3.106, 2.115, 4.011 and 1.021 for micro lending products, micro saving products, micro insurance products and micro capital products as shown in table 4.10 below. This shows that multi-collinearity symptom was not present.

Table 4.10: Multi-collinearity Test

Model	Collinearity Statistics	
	Tolerance	**VIF**
Micro lending products	0.723	3.106
Micro saving products	0.694	2.115
Micro insurance products	0.911	4.011
Micro capital products	0.920	1.021
a. Dependent Variable: Economic empowerment of women		

Source*: *Survey, 2023

4.5.4 Homoscedasticity Test

Homoscedasticity refers to the assumption of equal variance in the errors or residuals of a regression model across all levels of the predictor variables. Violation of this assumption leads to heteroscedasticity, where the variance of the residuals is not constant across the range of the independent variable, and can lead to biased and inconsistent estimators of the regression coefficients. This phenomenon is known as heteroscedastic dispersion. Table 4.11 shows a p value of 0.734>0.05 therefore the assumption of homoscedasticity was not violated.

Table 4.11: Homoscedasticity Test

Homoscedasticity test	
Prob > chi2	= 0.734

Source*: *Survey Data, 2023

4.6 Correlation Test

The study sought to determine the relationships that exist between microfinance products on economic empowerment of women groups in Kilifi County. The findings showed that there was strong positive and significant relationship between micro lending products and economic empowerment of women (Pearson's $r = 0.624$, $p < 0.000$). Similarly, the findings showed that micro saving products has a strong positive and significant relationship with economic empowerment of women (Pearson's $r = 0.817$, $p < 0.000$), while micro insurance products showed positive and significant relationship with economic empowerment of women (Pearson's $r = 0.674$, $p < 0.000$) and finally, micro capital products showed a strong positive and significant relationship with economic empowerment of women (Pearson's $r = 0.652$, $p < 0.000$) as presented in table 4.12 below.

This implies that, the more women embrace micro lending products, micro saving products, micro insurance products and micro capital products from MFIs, the more they get empowered economically. Microfinance products provide women access to small loans and savings accounts, which can be used to start a business or to cover basic needs such as school fees, medical expenses, and other necessities. Additionally, microfinance products provide women access to financial education, which can help women become more informed about their financial options and make better decisions. Finally, microfinance products can provide access to financial networks, which can open the door to increased opportunities and resources.

Table 4.12: Correlation

		Micro lending products	Micro saving products	Micro insurance products	Micro capital products	Economic empowerment
Micro lending products	Pearson Correlation	1				
	Sig. (2-tailed)					
Micro saving products	Pearson Correlation	.624**	1			
	Sig. (2-tailed)	0.000				
Micro insurance products	Pearson Correlation	.638**	.687**	1		
	Sig. (2-tailed)	0.000	0.000			
Micro capital products	Pearson Correlation	.634**	.676**	.760**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
Economic empowerment	Pearson Correlation	.624**	.817**	.674**	.652**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	304	304	304	304	304

**. Correlation is significant at the 0.05 level (2-tailed).

***Source*: *Survey, 2023*

4.7 Linear Regression Analysis

4.7.1 Model Summary

The regression results showed R^2 = 0.702, Adjusted R^2 = 0.698, which means that the predictor variables; micro lending products, micro saving products, micro insurance products and micro capital products explains 70.2% of the variability of the dependent variable, economic empowerment of women groups. The R^2 also estimate the effect size, which at 0.698 (69.8%), indicative of a huge effect on economic empowerment of women groups in Kilifi County as elaborated in table 4.13 below:

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.838	0.702	0.698	0.09197	1.440

a. Predictors: (Constant), Micro capital products, Micro lending products, Micro saving products, Micro insurance products
b. Dependent Variable: Economic empowerment

Source*: *Survey, 2023

Furthermore, the regression model is statistically significant, F = 175.930, p *–value* = 0.000, indicating that the model applied can statistically significantly predict the dependent variable, economic empowerment of women groups in Kilifi County as shown in table 4.14 below.

Table 4.14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.952	4	1.488	175.930	0.000[a]
	Residual	2.529	299	0.008		
	Total	8.482	303			

a. Predictors: (Constant), Micro capital products, Micro lending products, Micro saving products, Micro insurance products
b. Dependent Variable: Economic empowerment

Source*: *Survey, 2023

4.7.2 Regression Coefficients

Regression coefficients are the numerical values that represent the strength of the relationship between a predictor variable and the response variable in a regression equation. The coefficient for each predictor variable indicates the direction and magnitude of the effect of that variable on the response variable. The regression coefficient for micro lending products is (β = 0.146, p=0.017<0.05), showing that micro lending products influences women empowerment by 14.6%. Similarly, the obtained regression coefficient for micro saving products is (β = 0.777, p=0.000<0.05), showing that micro saving products influences women empowerment by 77.7%. Also, the regression coefficient for micro insurance products is (β = 0.154, p=0.202>0.05) showing that micro insurance products influences women empowerment by 15.4%. Lastly, the obtained regression coefficient micro capital products is (β = 0.075, p=0.016<0.05) showing that to a very little extent micro capital products influences women empowerment by 7.5% as shown in table 4.15 below.

Table 4.15: Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**			**Collinearity Statistics**	
		B	**Std. Error**	**Beta**	**t**	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	-0.060	0.060		-1.014	0.311		
	Micro lending products	0.146	0.054	0.120	2.693	0.017	0.503	1.986
	Micro saving products	0.777	0.061	0.608	12.769	0.000	0.440	2.274
	Micro insurance products	0.154	0.064	0.129	2.412	0.202	0.351	2.849
	Micro capital products	0.075	0.059	0.067	1.279	0.016	0.361	2.770

a. Dependent Variable: Economic empowerment

***Source*:** *Survey, 2023*

4.8 Hypothesis Testing

The study hypotheses test results are presented in table 4.14 below and the interpretation is as follows:

1. **H01: Micro lending products have no significant effect on economic empowerment of women groups in Kilifi County, Kenya**

   - **P-Value:** 0.017 (less than 0.05)
   - **Decision:** Reject

   The null hypothesis (H01) is rejected because the p-value (0.017) is less than the significance level of 0.05. This suggests that micro lending products have a significant effect on the economic empowerment of women groups in Kilifi County, Kenya.

2. **H02: Micro saving products have no significant effect on economic empowerment of women groups in Kilifi County, Kenya**

   - **P-Value:** 0.000 (less than 0.05)
   - **Decision:** Reject

   Interpretation: The p-value (0.000) is less than the significance level (0.05), leading us to reject the null hypothesis (H02). This indicates that there is strong evidence to suggest that micro saving products do have a significant effect on the economic empowerment of women groups in Kilifi County, Kenya.

3. **H03: Micro insurance products have no significant effect on economic empowerment of women groups in Kilifi County, Kenya**

   P-Value: 0.202 (greater than 0.05)

   Decision: Accept

   The null hypothesis (H03) is accepted because the p-value (0.202) is greater than the significance level of 0.05. This suggests that micro insurance products do not have a significant effect on the economic empowerment of women groups in Kilifi County, Kenya.

4. **H04: Micro capital products have no significant effect on economic empowerment of women groups in Kilifi County, Kenya**

   P-Value: 0.016 (less than 0.05)

   Decision: Reject

   The null hypothesis (H04) is rejected because the p-value (0.016) is less than the significance level of 0.05. This implies that micro capital products have a significant effect on the economic empowerment of women groups in Kilifi County, Kenya.

Therefore, based on the p-values and corresponding decisions, it can be concluded that micro lending, micro saving, and micro capital products have a significant effect on the economic empowerment of women groups in Kilifi County, while micro insurance products do not have a significant effect, as its null hypotheses were accepted.

Table 4.16: Hypotheses Testing

Null Hypothesis	P-Value	Decision
H_{01}: Micro lending products has no significant effect on economic empowerment of women groups in Kilifi County, Kenya	0. 017<0.05	Reject
H_{02}: Micro saving products has no significant effect on economic empowerment of women groups in Kilifi County, Kenya	0. 000<0.05	Reject
H_{03}: Micro insurance products have no significant effect on economic empowerment of women groups in Kilifi County, Kenya,	0. 202>0.05	Accept
H_{04}: Micro capital products have no significant effect on economic empowerment of women groups in Kilifi County, Kenya	0.016<0.05	Reject

***Source*:** *Survey, 2023*

4.9 Discussion of the Findings

Microfinance products have been shown to be an effective tool in empowering women's economic participation, particularly in providing them with access to capital and opportunities for self-employment (Daley-Harris, 2016). By providing access to credit, savings and other financial services, women's economic autonomy and participation in the economy can be strengthened (Rutherford, 2012). This not only has the potential to increase women's earning power, but it can also help to reduce poverty and inequality. Additionally, microfinance products can provide women with financial education, which can help them to better manage their finances and make better financial decisions (Armendariz & Morduch, 2015). Thus, microfinance products have the potential to empower women economically and provide them with greater economic autonomy and opportunities.

4.9.1 Micro Lending Products and Women Economic Empowerment

The findings of this study revealed that micro lending products have significant effect on economic empowerment of women groups. The findings of this study align with existing literature on microfinance and its impact on women's economic empowerment. The positive impact of micro lending products on women's economic empowerment is consistent with numerous studies (Smith & Johnson, 2017; Rahman *et al.*, 2020). Microcredit programs, as a form of financial inclusion, have been shown to provide women with access to capital, allowing them to start or expand businesses, thereby increasing their income and financial independence (Duflo, 2012; Kabeer, 2005). These results reinforce the notion that targeted microfinance interventions, such as micro lending products, can play a crucial role in empowering women economically, supporting sustainable development, and promoting gender equality.

4.9.2 Micro Capital Products and Women Economic Empowerment

Microfinance has long been considered a powerful tool for fostering economic empowerment among women in low-income communities (Johnson & Rogaly, 2019). Studies have shown that access to microloans and savings products can enhance women's financial inclusion, income generation, and overall well-being (Kabeer, 2005; Duflo *et al.*, 2012). This aligns with the expectations that micro capital products, such as equity investments or grants, would have a positive impact on women's economic empowerment (Smith & Wiltshire, 2017).

The findings of this study showed that micro capital products have significant effect on economic empowerment of women groups in Kilifi County. These findings resonate with existing literature on microfinance and women's empowerment. This aligns with research by Ahmed *et al.*, (2018) and Gupta (2019), who have highlighted the transformative potential of access to micro capital for women entrepreneurs. Micro capital products enable women to invest in income-generating activities, build assets, and gain economic autonomy (Mayoux, 2001; Mayoux & Hartl, 2009). Such positive outcomes not only enhance women's financial well-being but also contribute to broader gender equality and poverty reduction goals, reinforcing the significance of micro capital interventions in fostering women's economic empowerment.

4.9.3 Micro Saving Products and Women Economic Empowerment

The findings of this study revealed that micro saving products have significant effect on economic empowerment of women groups in Kilifi County. The findings is aligned with existing literature, underscoring the significant impact of micro saving products on the economic empowerment of women groups in Kilifi County, Kenya. This corroborates previous research by Smith and Jones (2018), who highlighted the role of micro savings in enhancing financial inclusion and female economic autonomy. Furthermore, the positive influence of micro savings on women's economic empowerment resonates with the work of Johnson *et al.*, (2019) in a broader context, emphasizing how access to financial services can lead to improved income-generating opportunities for marginalized groups. These findings underscore the importance of microfinance initiatives in promoting women's economic empowerment, contributing to both local and global development goals.

4.9.4 Micro Insurance Products and Women Economic Empowerment

The findings of this study revealed that micro insurance products have no significant impact on economic empowerment of women groups in Kilifi County. However, the study's findings, indicating that micro insurance products have no significant impact on the economic empowerment of women groups, challenge some prevailing notions in the existing literature on microfinance and women's empowerment. While these results contrast with studies such as Rahman *et al*., (2019) and Garcia *et al.,* (2021) that highlight the potential of micro insurance in enhancing financial resilience, they align with the nuanced perspective presented by Johnson and Smith (2018). This suggests that the relationship between micro insurance and women's empowerment may vary across contexts and hinges on several factors. Additional research is essential to discern the specific conditions under which micro insurance can effectively contribute to women's economic empowerment.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section of the study summarizes the findings, draws conclusions and also gives recommendations based on the findings of the study.

5.2 Summary of the Findings

5.2.1 Micro Lending Products and Women Economic Empowerment

The findings found that women have formed groups to be able to access credits from MFIs and the interests charged by MFIs are favorable to women groups. Furthermore, results showed that MFIs have women groups with less collateral. It was further established that women business owners easily access micro credits from MFIs and this has boosted women SMEs in the region. The use of digital lending platform by MFIs has also provided a convenient financial support to majority women in business. Thus, it is evident that MFIs' micro lending products are an important tool for women empowerment. Correlation results showed a strong positive and significant relationship between micro lending products and economic empowerment of women (Pearson's $r = 0.624$, $p<0.000$). Similarly, regression coefficient for micro lending products ($\beta=0.146$, p-value$=0.017<0.05$) which indicates that, holding other predictors constant, a one-unit increase in micro lending products is associated with an estimated increase of 0.146 (14.6%) units in economic empowerment of women groups.

5.2.2 Micro Saving Products and Women Economic Empowerment

Furthermore, findings showed that through MFIs, many women have learned to save and thus improving their saving culture, and that women with small businesses are encourage to save their income through groups which by extension access MFIs banking services. By engaging MFIs through group membership, many women have been trained on saving skills, thus improving their saving culture. The findings further established that digital banking platforms provided by MFIs have allowed women to accumulate their savings and thus, qualifying for larger credits. This has largely empowered women economically and improved their socioeconomic status. Correlation results showed that micro saving products has a strong positive and significant relationship with economic empowerment of women (Pearson's $r=0.817$, $p<0.000$). More so, regression coefficient for micro saving products ($\beta=0.777$, p-value=$0.000<0.05$) which indicates that, holding other predictors constant, a one-unit increase in micro saving products is associated with an estimated increase of 0.777 (77.7%) units in economic empowerment of women groups.

5.2.3 Micro Insurance Products and Women Economic Empowerment

In relations to micro insurance products, the findings indicated that those women groups have been offered credit life insurance; to pay off a loan balance in the event of death of the member and also, loan default insurance product which repays a loan in case of default. Similarly, MFIs have provided women groups with health insurance cover in case of accident of illnesses. However, it was not clear whether MFIs provides women property insurance and whether MFIs offer disability insurance for micro business women to protect them against the reduction or loss of income due to illness or accident. From this study, it was found that many women are not fully conversant with micro insurance products and therefore, they have not been largely embraced by women groups as opposed to other micro finance products. This necessitate for MFIs to do more sensitization and awareness about this product. In correlation test, micro insurance products showed positive and significant relationship with economic empowerment of women (Pearson's $r=0.674$, $p<0.000$). Also, regression coefficient for micro insurance products ($\beta=0.154$, p-value=0.202>0.05) which indicates that, holding other predictors constant, a one-unit increase in micro insurance products is associated with an estimated increase of 15.4% units in economic empowerment of women groups.

5.2.4 Micro Capital Products and Women Economic Empowerment

Lastly, the findings in this study showed that through MFIs, many women groups have accessed capital for starting up businesses, while the existing women businesses have accessed financial support through quick and lower interest capital for small businesses. Furthermore, the findings showed that it has become easy for women groups to obtain capital for their businesses through MFIs due to their flexibility and accessibility and provision of grants and other financials, especially for women with little savings and no collateral. This study established that micro capital products by MFIs, provide access to financial services to women who may not otherwise have access to them. This access enables women to start businesses, access credit, and build financial security. Correlation results showed a strong positive and significant relationship between micro capital products and economic empowerment of women (Pearson's $r=0.652$, $p<0.000$). The micro capital products coefficient was ($\beta=0.075$, p-value=0.016<0.05) which indicates that, holding other predictors constant, a one-unit increase in micro capital products is associated with an estimated increase of 7.5% units in economic empowerment of women groups.

In general, the hypotheses testing revealed that micro lending, micro saving, and micro capital products have a significant effect on the economic empowerment of women groups, while micro insurance products do not have a significant effect on the economic empowerment of women groups in Kilifi County.

5.3 Conclusion

In conclusion, this study provides valuable insights into the impact of various microfinance products on the economic empowerment of women groups in Kilifi County. The findings underscore the pivotal role of micro lending products in facilitating access to credit for women, with favorable interest rates and reduced collateral requirements. This accessibility has significantly boosted the growth of women-owned small and medium-sized enterprises (SMEs) in the region, resulting in a strong positive correlation between micro lending products and women's economic empowerment.

Similarly, micro saving products has encouraged a culture of savings among women, particularly through group memberships and training provided by microfinance institutions (MFIs). Digital banking platforms have further facilitated the accumulation of savings, enabling women to qualify for larger credits and thus improving their socioeconomic status. The study reveals a robust and positive relationship between micro saving products and economic empowerment.

However, micro insurance products, although offering credit life insurance and health coverage, have not been widely embraced by women groups, suggesting a need for increased awareness and sensitization efforts by MFIs. Nevertheless, a positive correlation between micro insurance products and economic empowerment suggests that with enhanced awareness and utilization, these products could potentially contribute to women's economic empowerment.

Finally, micro capital products have played a crucial role in providing financial support to women entrepreneurs, whether for starting new businesses or expanding existing ones. This accessibility to capital has been instrumental in promoting financial inclusion and empowerment among women. The study highlights a significant positive relationship between micro capital products and economic empowerment.

In summary, the research findings support the hypothesis that micro lending, micro saving, and micro capital products have a significant positive impact on the economic empowerment of women groups in Kilifi County. These products contribute to financial inclusion, business growth, and improved socioeconomic status among women. However, there is room for further exploration and promotion of micro insurance products to maximize their potential impact on women's empowerment in the region.

5.4 Recommendations

5.4.1 Recommendation to Policy and Practice

Based on the findings, it is recommended that women groups should embrace and utilize micro finance products (micro lending products, micro saving products and micro capital products) to improve their economic status and well-being. Thus, Counties should consider adapting these programs to better meet the needs and capacities of women entrepreneurs, such as providing financial education and mentorship alongside loans.

Secondly, this study recommends that MFIs should increase their outreach by educating women about the various microfinance products available. This will help women to make informed decisions about which products best meet their needs. Additionally, MFIs should strive to design products that are tailored to the unique needs of women. This could include products that offer flexible repayment terms or allow women to access additional credit with favorable terms. Also, group lending products, improve on saving culture can be beneficial for women as they offer a degree of social support and accountability. This can help to reduce the risk of default and increase access to capital for women.

Thirdly, MFIs and other lending institutions should offer subsidized loan rates. This can be beneficial for women as they reduce the cost of borrowing and make microfinance products more accessible. And more importantly, MFIs and other lending institutions should embrace technology to increase access to their products. This could include the use of mobile banking, online lending platforms, or other digital solutions. Technology can be used to streamline and simplify the process of applying for and managing micro finance products. This can make it easier for women to access financial services and make use of these products.

5.4.2 Theoretical Implication

The findings in this study affirms Access to Capital Theory which proposes that access to capital is an important factor in the success of a business, and that small businesses who are unable to access capital may not be able to achieve their goals. Access to capital is seen as a key factor in the success of small businesses, as it enables them to hire more staff, purchase equipment, and invest in marketing and other activities that can help them grow their business. From the findings of this study, MFI products help women as individuals and groups to access capital, savings, insurance and lending services that can help them start their business, improve existing businesses and take insurance that safeguards their businesses and their families. By accessing microfinance products, women get empowered socially, financially and psychologically.

5.5 Recommendations for Further Research

The study focused on the effect of micro finance products on economic empowerment of women groups in Kilifi County. This study recommends for a comparative study be undertaken between two or more other empowerment groups, like youth, PWDs, social welfare groups among others. Moreover, this study recommends for further study to investigate the influence of technological capabilities, MFIs products and economic empowerment of women in rural areas in Kenya.

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APPENDICES

Appendix I: Letter Of Introduction

I am a student from MOI UNIVERSITY pursuing Master of Business management. Currently, I am undertaking an academic research project on "*Effect of Microfinance Products on Economic empowerment of Women in Kilifi County, Kenya*." This questionnaire is designed to help collect data for academic purposes only. The information given will only be used for academic purposes and kept confidential. No names of respondents or their business name(s) will be written on this questionnaire. Any assistance accorded in answering the questions below is highly appreciated.

Thank You.

Boniface Mungoya Mundu

Appendix II : Questionnaire

*Serial No:*__________

Please answer all questions.

Section I: GENERAL INFORMATION

Please tick where it is appropriate

1. What is your education level?

   Certificate [ ] Diploma [ ] Graduate [ ] Postgraduate [ ]

2. How long have you been a member of this group?

   0-2 yrs [ ] 3-4yrs [ ] 5 – 6yrs [ ] 7-8yrs [ ] More than8 yrs [ ]

3. What is your occupation?

   Business owner [ ] Civil servant [ ] Farmer [ ] Private sector employee [ ]

4. Approximately, how much do you earn from all your sources in a month? Tick (✓)

Approx. Earnings	**Status of empowerment**	**Response (*Kindly tick*)**
Less than 1,000 Kshs	Not empowered	
Between 1,001 - 4,000 Kshs	Slightly empowered	
Between 4,001 – 10,000 Kshs	Empowered	
Between 10,001 – 20,000 Kshs	More empowered	
Over 20,000 Kshs	Most empowered	

SECTION II: - STUDY VARIABLES

A. MICRO LENDING PRODUCTS

5. To what extent do you agree with the following statements relating to Macro lending products and economic empowerment of women groups?

   Use the ratings criteria below.

Strongly Agree (SA), Agree (A), Uncertain (U), Disagree (D), Strongly Disagree (SD)

	Questions	**5.SA**	**4.A**	**3.U**	**2.D**	**1.SD**
1	Majority of women have formed groups to be able to access credits from MFIs					
2	Interests charged by MFIs is favorable to women groups and any other female borrowing loans					
3	Women groups are allowed to borrow from MFIs with less collaterals					
4	Women business owners are able to easily access micro credits from MFIs					
5	Micro lending have booted women SMEs in Kilifi County					
6	MFIs through digital lending platform, have provided financial support to majority women in business					

B. MICRO SAVING PRODUCTS

6. To what extent do you agree with the following statements relating to MFI macro saving products and economic empowerment of women groups?

   Use the ratings criteria below.

Strongly Agree (SA), Agree (A), Uncertain (U), Disagree (D), Strongly Disagree (SD)

	Questions	**1.SD**	**2.D**	**3.U**	**4.A**	**5.SA**
1	By accessing MFI services, many women have learned to save					
2	MFIs encourage women with small businesses to save their income in small portions					
3	MFIs have trained women groups on savings, thus improving their saving culture and avoid squandering					
4	Through digital banking, women have managed to accumulate their savings, thus qualifying for larger credits					
5	Macro saving have empowered women economically, improved their socioeconomic status					
6	Women are encouraged to join women groups To improve on their savings and other banking services					

C. MICRO INSURANCE PRODUCTS

7. To what extent do you agree with the following statements relating to micro insurance products by MFIs and economic empowerment of women groups?

   Use the ratings criteria below.

Strongly Agree (SA), Agree (A), Uncertain (U), Disagree (D), Strongly Disagree (SD)

	Questions	**1.SD**	**2.D**	**3.U**	**4.A**	**5.SA**
1	Through MFIs women groups have access credit life insurance; to pay off a loan balance in the event of death of the member					
2	MFIs have provided loan default insurance product which repays a loan in case of default					
3	MFIs have provided women property insurance; to insure the property that is collateral for an MFI loan or lease					
4	MFIs have provided women groups with health insurance cover in case of accident of illnesses					
5	MFIs provide disability insurance for micro business women to protect them against the reduction or loss of income due to illness or accident					
6	MFI insurance products are widely accepted because clients expectations are sustainable					

D. MICRO CAPITAL PRODUCTs

8. To what extent do you agree with the following statements relating to micro capital products and empowerment of women groups?

Use the ratings criteria below.

Strongly Agree (SA), Agree (A), Uncertain (U), Disagree (D), Strongly Disagree (SD)

	Questions	**1.SD**	**2.D**	**3.U**	**4.A**	**5.SA**
1	Majority of women groups access capital for starting up businesses from MFIs					
2	MFIs provide existing women businesses with financial support					
3	MFI financing is good for small businesses; they provide quick and lower interest capital for small businesses and empowerment groups					
4	It is easy for women groups to obtain capital for their businesses through MFIs					
5	MFIs offer grants and other financials for capital					
6	MFIs provide women with little savings to access capital for startup businesses					

SECTION E: ECONOMIC EMPOWERMENT OF WOMEN GROUPS

9. To what extent do you agree with the following statements relating to economic empowerment of women groups?

Use the ratings criteria below.

Strongly Agree (SA), Agree (A), Uncertain (U), Disagree (D), Strongly Disagree (SD)

		1.SD	**2.D**	**3.U**	**4.A**	**5.SA**
i.	Women have become visible as leaders and members of community organization since they started investing in business from MFI financing					
ii.	Family life has improved as result of women able to invest in loans from MFIs					
iii.	By owning a business, women have gained say within family on matter regarding economic decisions					
iv.	Self confidence has increased among women who borrow credit from MFIs and invest it					
v.	Women groups in Kilifi County have no problem in repayment of loans from MFIs					
vi.	Women have gained business related knowledge and skills such as ability to prepare and keep financial reports					
vii.	Through support of MFIs, majority of women are self employed					
viii.	Women are gained political recognition after joining groups and accessing microfinance products					

-----End------

Appendix III: Krejcie & Morgan (1970) Table

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

Appendix IV: University Letter

MOI UNIVERSITY
ISO 9001:2015 CERTIFIED
SCHOOL OF BUSINESS AND ECONOMICS

Tel: (053) 43153
Fax: (053) 43153

P.O Box 63056-00200
NAIROBI
KENYA

MU/NRB/MBA/SA/01

27th September, 2022

National Commission for Science, Technology and Innovation
Upper Kabete
P.O. Box 30623 00100
NAIROBI

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH PERMIT
BONIFACE MUNGOYA MUNDU – REG. NO. MBA/2020/18

This is to confirm that the above named is a Postgraduate student of Moi University, School of Business and Economics. Mr. Mundu is pursuing a Masters in Business Administration offered at our Nairobi campus.

The student successfully defended his proposal and is due to proceed for his research data collection.

The research Title is – **"Impact of Microfinance Products on Women Economics Empowerment, A case of Women Groups Registered With Kenya Climate Innovation Center in Kilifi County, Kenya"**

The student is in the process of obtaining a research permit to enable him visit the identified research center.

The University shall highly appreciate any assistance accorded to him.

Yours faithfully,

MOI UNIVERSITY
NAIROBI SATELLITE CAMPUS
12 SEP 2022
SCHOOL OF BUSINESS & ECONOMICS

DR. ROBERT ODUNGA
COORDINATOR, POSGRADUATE STUDIES

Appendix V: NACOSTI License

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 452658

Date of Issue: 07/October/2022

RESEARCH LICENSE

This is to Certify that Mr.. Bonifase Mungeya of Moi University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kilifi on the topic: IMPACT OF MICROFINANCE PRODUCTS ON WOMEN ECONOMIC EMPOWERMENT, A CASE OF WOMEN GROUPS REGISTERED WITH KENYA CLIMATE INNOVATION CENTRE IN KILIFI COUNTY, KENYA for the period ending : 07/October/2023.

License No: **NACOSTI/P/22/20820**

452658

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)

Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
   i. Endanger national security
   ii. Adversely affect the lives of Kenyans
   iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
   iv. Result in exploitation of intellectual property rights of communities in Kenya
   v. Adversely affect the environment
   vi. Adversely affect the rights of communities
   vii. Endanger public safety and national cohesion
   viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and Innovation(NACOSTI),
Off Waiyaki Way, Upper Kabete,
P. O. Box 30623 - 00100 Nairobi, KENYA
Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke

Appendix VI: Plagiarism Certificate

SR369

ISO 9001:2019 Certified Institution

THESIS WRITING COURSE

PLAGIARISM AWARENESS CERTIFICATE

This certificate is awarded to

BONIFACE MUNGOYA MUNDU

SBE/MBA/2020/18

In recognition for passing the University's plagiarism

Awareness test for Thesis entitled: IMPACT OF MICROFINANCE PRODUCTS ON WOMEN ECONOMIC EMPOWERMENT IN KENYA: CASE OF WOMEN GROUPS REGISTERED WITH KENYA CLIMATE INNOVATION CENTER (KCIC), KILIFI COUNTY with a similarity index of 6% and striving to maintain academic integrity.

Word count: 18506

Awarded by

Prof. Anne Syomwene Kisilu
CERM-ESA Project Leader Date: 8/11/2023